



**Day 13 - September 25, 2012 - Edmonton**

[International Reporting Inc. - Vol.81-TueSep25.12 - A3A4J9](#)

**Features for enhanced use:**

- Link to the day's transcript
- Links to specific topics and discussions

**Contents**

Order of Appearances .....	1
Examination by Leanne Chahley for Alberta Federation of Labour (continued).....	2
Condensate (continued) .....	2
Empty vessels.....	3
China and the US West Coast as main target markets.....	3
Do you have customers lined up? .....	3
A hypothetical policy restricting bitumen exports.....	4
Expectations about utilization of pipeline.....	4
Will shippers have spill insurance?.....	4
Importance of the Asian premium .....	4
Examination by Carol Hales for the National Energy Board .....	4
Spot toll 77% greater than committed toll .....	5
Compare the NGP agreement-making process to others .....	5
Reaction to certain conditions of licence .....	5
Examination by Kenneth Bateman of the Joint Review Panel .....	6
Introduction of the ForestEthics Advocacy and Raincoast Conservation Foundation	
Panel Panel by Barry Robinson .....	6
Examination by Keith Bergner for CAPP.....	7
Pipeline capacity .....	7
Export Supply .....	8
Examination by Don Davies for Cenovus et al.....	9
The importance of transportation service agreements in a pipeline application.....	9
Examination by Richard Neufeld for Northern Gateway Pipelines.....	9
National energy strategy .....	9
Discounting of WTI to Brent .....	10
Questioning the line of questioning .....	10
Introduction of the Communications, Energy and Paperworkers Union of Canada Panel	
by Leanne Chahley .....	10
Examination by Keith Bergner for CAPP.....	11
Examination by Loyola Keough for MEG Energy .....	11
Examination by Richard Neufeld for Northern Gateway Pipelines.....	11
Introduction of the Province of Alberta Panel by Ronald Kruhlak .....	12
Examination by Caroline O’Driscoll for the Alexander First Nation.....	12
Upgrader capacity .....	12

**Order of Appearances**

**Cenovus Energy Inc., Nexen Inc., Suncor Energy Marketing Inc.,  
Total E&P Canada Ltd., and MEG Energy Corp. Panel**

Mr. Richard Dembicki [[D29-8-2 Direct Evidence](#)]  
Ms. Deanna Zumwalt [[D29-8-3 Direct Evidence](#)]  
Mr. John Van Heyst [[D29-8-4 Direct Evidence](#)]  
Mr. Gary Houston [[D29-8-5 Direct Evidence](#)]  
Mr. Donald Moe [[D133-6-1 CV](#)] [[D133-2-1 Direct Evidence](#)]

- Examination by Ms. Chahley (continued) 29927
- Examination by Ms. Hales 30135
- Examination by Member Bateman 30316

**Features for enhanced use:**

- Links to reference documents provided throughout the notes
- Frequent paragraph numbers to the relevant text or discussion in the transcript

**ForestEthics Advocacy and Raincoast Conservation Foundation Panel**

Mr. Nathan Lemphers  
Mr. David Hughes

- Examination by Mr. Robinson 30350
- Examination by Mr. Bergner 30469
- Examination by Mr. Davies 30637
- Examination by Mr. Neufeld 30770

**Communications, Energy and Paperworkers Union of Canada Panel**

Mr. David Coles

- Examination by Ms. Chahley 31105
- Examination by Mr. Bergner 31121
- Examination by Mr. Keough 31210
- Examination by Mr. Neufeld 31260

**Government of Alberta**

Dr. Harold York  
Mr. Christopher Holly

- Examination by Mr. Kruhlak 31309
- Examination by Ms. O'Driscoll 31367

**Examination by Leanne Chahley for Alberta Federation of Labour  
(continued) 29927**

**Condensate (continued) 29228**

Ms. Chahley asked if any of their companies had identified where the condensate would come from. Mr. Houston replied that there are many providers, many sources, ample supply and no need to line it up this far in advance.

She asked about their sensitivity to price, and is there a price beyond which they would ship a different product down the oil pipeline or choose not to ship anything? This question stimulated discussion about importing diluent from the Gulf of Mexico, and decisions about what to ship on the oil pipeline, but no acknowledgement that diluent

prices might result in a decision not to import it via Kitimat or as a consequence change if or what they might transport on the oil pipeline.

### **Empty vessels, 29967**

Ms. Chahley asked a set of questions about recycling condensate, and about empty ships – oil tankers returning to Kitimat, condensate carriers returning from Kitimat. The witnesses explain first that the source of condensate is based on cost, and the refineries processing their bitumen will be the ones who decide whether the market justifies turning around diluent or creating a downstream product.

Empty vessels are something ship owners try to minimize, but that decision is similarly not one that the producers or shippers on the pipeline will determine. Mr. Houston said the ships seldom go from A to B and back again, a tanker might start in Singapore, go to San Francisco, up to Kitimat, then to South Korea. Mr. Van Heyst said it is “quite unusual for a tanker to be both in crude service and finished product service.”

To the proposition that tankers might be returning to Kitimat with finished products, Mr. Dembicki pointed out that when it comes off the ships it needs to go into tankage, and “it can’t be going into tankage that had a crude oil product in it before. Otherwise, you’re going to have contamination.” That is not “being contemplated right now as part of the project.” 29980

### **China and the US West Coast as main target markets 29983**

Ms. Chahley asked if China was a primary market. Mr. Houston said it would depend on the product. “If we were selling heavy” then China, South Korea, maybe India would be primary targets. Japan and other countries may be better markets for synthetic crude or a lighter product. Ms. Zumwalt added, “We do view the US West Coast as a primary market as well as the Pacific Northwest..”

Ms. Chahley asked, “Are you hoping that you will be able to sell into California” Ms. Zumwalt: “Yes, we sell into California today.”

### **Do you have customers lined up? 29997**

“Do any of you already have customers lined up” for product shipped on the oil pipeline?, Ms. Chahley asked. Mr. Houston said this is similar to the condensate question, and “it would be very unusual to have to have a dedicated supply purchase sale agreement in the petroleum market. It would be more typical to arrange the sales weeks and months ahead.”

Mr. Moe from MEG said that the 14.8% Chinese ownership and the fact that one of ten directors is Chinese, gives MEG insight in the Chinese market, but “their direction to me: sell our products on the international markets as for as good a price as we can get.”

Ms. Chahley asked Ms. Zumwalt if CNOOC would be looking at a more integrated operation if it takes over Nexen – with its own production in Alberta and its own refineries in China. Ms. Zumwalk replied, “I really can’t comment on that.” Mr. Houston replied for Total, “We would not operate that way. That would make a direct link between an upstream and a downstream facility. There’s the world market in the middle and we respect that.” 30026

The general reply to a question about these companies owning tankers is that they do not. Total may own a few.

### **A hypothetical policy restricting bitumen exports 30056**

Asked about the possibility of a policy restricting product that hasn’t been refined or upgraded, the witnesses agreed not to speculate on what ifs, but that they would expect to be able to continue to export bitumen blend, and it would be “problematic if we were precluded” from access to those markets.

### **Expectations about utilization of pipeline 30067**

Asked if they expected to use the share that they signed on for, or would there be times they would have empty space in their share, all agreed with Mr. Houston: “Our intention would be to have our share full at all times. We would not normally plan to ship air barrels; we call them, which is paying for nothing.”

### **Will shippers have spill insurance? 30092**

Ms. Chahley asked, “Will you also be providing insurance to cover any problems on the pipeline if the barrels spill?” They all answered that they would be paying a share of the insurance through their tolls, and that NGP would take out insurance.

### **Importance of the Asian premium 30121**

With respect to an “Asia premium” price for oil, “Is that something that’s relevant to you in terms of this project?” The consensus of replies was that it was “access to tidewater” and world markets that was more important. Mr. Van Heyst said they debate the existence of the Asian premium a lot in Suncor.

### **Examination by Carol Hales for the National Energy Board 30135**

Ms. Hales said that the NEB is very interested in the process that was undertaken throughout the entire period from initial interest in NGP to the present. She reviewed this history with the witness panel in a sequence of questions. Discussions with Enbridge were mostly one-on-one, perhaps five funding support agreement templates were offered by Enbridge, and it wanted 10 unit holders, not more or less. Some of the companies had been approached by third parties also seeking to become funding participants.

Mr. Houston said that he was the only one of the witnesses who was in the room during negotiation of a precedent agreement and a transportation services agreement. These negotiations began in late 2008 or early 2009, and culminated in early 2011.

Ms. Hales asked if NGP made any attempt to bring third parties into the process. Mr. Houston replied that the process contemplated bringing in third parties.

### **Spot toll 77% greater than committed toll 30221**

Ms. Hales canvassed the witnesses about the reasonableness of the 77% differential for spot tolls. Mr. Houston thought it to be a normal arrangement. All shippers agreed, and said that having spot capacity available is useful, that they would use it, and the toll is reasonable.

### **Compare the NGP agreement-making process to others 30240**

Mr. Houston said that the NGP process was different than others in this market place for good reasons, mainly because NGP was going to a seaport, rather than a continental hub or refineries which is the common situation.

On the other hand, signing a non-binding precedent agreement in advance of a binding transportation services agreement is typical, according to Mr. Dembicki.

Ms. Hales asked about Mr. Fisher's earlier description of the shippers' obligations to pay tolls to cover losses arising from a potential spill, of the shippers' obligation to pay tolls for up to 12 months in the event of NGP claiming a *force majeure* shutdown, and of NGP's position that there was no cap on what the increase to the tolls could be to cover losses for any type of spill subject only, of course, to the authority of the Board to set tolls that are just and reasonable. The shippers had no issue with these statements.

Ms. Hales asked what internal analysis or studies did the witnesses anticipate needing before entering into a firm TSA.

"As we're sitting here today, as a holder of precedent agreements, is it your company's intention or firm intention to enter into a firm TSA with Northern Gateway, ... or would you view it more as an option or a possibility?" asked Ms. Hales. Ms. Zumwalt's statement, "We've committed a lot of funds already to this project, so that would seem to signal that, assuming it was economic, it would be our intention to execute. But clearly there's a lot of work still to be done and the capital has to be figured out, and we have to compare that to the benefit before we make a final decision," was echoed by all witnesses. 30266

### **Reaction to certain conditions of licence 30282**

Ms. Hales proposed some potential conditions that might be contained in the Panel's draft conditions later in the process.

- Set aside a larger percentage for uncommitted capacity, say up to 20%. All of them would view this unfavourably.
- Requirement for firm TSAs prior to commencement, with opportunity for comment. All would expect TSAs to be in place, and substantially unchanged from what's been negotiated already, hence, no need for comments, and no desire for more delay. 30298
- Requirement that at the end of regulatory approval the entire package go back out for another open season. Same response: not desirable.

### **Examination by Kenneth Bateman of the Joint Review Panel 30316**

With respect to an earlier question by Ms. Chahley about the possibility that by 2018 or 2019, and should these companies have adopted rail more than they might expect today, would the pipeline be less necessary because of the rail option? Three witnesses had said that would not be the case. The other two said they also agreed with the others.

Mr. Bateman asked, “Do the shippers have a view of what is adequate or appropriate insurance coverage for this project? The reason I pose that to you is that Gateway has indicated that they believe that \$250 million is adequate. We heard evidence yesterday from Ms. Allan that \$1 billion as a floor is the adequate coverage.”

Mr. Houston said risk management is more than just insurance, and that a third-party insurance company is ... a good sanity check ... the risks and what is the appropriate amount of insurance. Mr. Van Heyst said, “We’re well motivated to ensure the insurance coverage by Gateway is adequate. I have no idea what an appropriate amount is.” Mr. Moe: “I would be quite reluctant today to think that we could put a -- a number out there today.”

### **Introduction of the ForestEthics Advocacy and Raincoast Conservation Foundation Panel Panel by Barry Robinson**

Mr. Robinson introduced David Hughes and Nathan Lemphers.

David Hughes, Global Sustainability Research Inc., [[D66-13-2 CV](#)] [[D66-3-02 Written Evidence of Forest Ethics](#)] (Part 3) [[D66-3-07 Affront to the Public Interest](#)]

Nathan Lemphers, Pembina Institute, [[D66-13-03 CV](#)] [[D66-3-02 Written Evidence of Forest Ethics](#)] (Part 2) [[D66-3-04 Pipeline to Nowhere](#)] [[D66-3-05 Opening the Door to Oil Sands Expansion](#)]

Mr. Robinson noted that Mr. Hughes has not appeared as an expert before the NEB. Mr. Neufeld acknowledged that Mr. Hughes has a long and distinguished career at the Geological Survey of Canada in energy supply matters “and we're not questioning that. “His report ... goes a considerable distance away from that expertise and we'll be pursuing that in cross-examination.”

Mr. Lemphers professional qualifications came into question. Mr. Neufeld said, “We have someone who has his Masters in City Planning. ... I don't see anything in the materials that qualifies Mr. Lemphers to give expert testimony in respect of energy-related environmental and economic matters, particularly in respect to pipelines. That's not to say that he can't give evidence but I just don't see any expertise that he can offer to provide opinion evidence.” The Chairperson then stated, “The Panel is not persuaded that Mr. Lemphers is qualified as an expert to speak to energy-related, environmental and economic issues based on his résumé presented and his experience. So he will, ... be qualified to give evidence but not to provide opinion evidence.

## **Examination by Keith Bergner for CAPP 30469**

### **Pipeline capacity**

Mr. Bergner reviewed Table 4.1 in CAPP 2012 Crude Oil Forecast, Markets and Pipelines ([Exhibit D4-17-1](#)), with Mr. Lemphers, with respect to existing crude oil pipelines. Points discussed include: the capacity of existing takeaway crude oil pipelines from the Western Canadian Sedimentary Basin is 3.486 million barrels a day; that there are capacity restrictions downstream, in the US, which force underutilization of capacity upstream, in Canada; that some of these pipelines exiting the WCSB have experienced high levels of apportionment, and Trans Mountain in particular has experienced apportionment in excess of 70%, and sometimes there isn't a good match between preferred destination or market and available capacity on a pipeline.

**Table 4.1 Major Existing Crude Oil Pipelines and Proposals Exiting the WCSB**

Pipeline	Crude Type	Annual Capacity (thousand b/d)
Enbridge	Light	1,081
	Heavy	1,246
AB Clipper Expansion	Heavy	+120 (in 2014)
Enbridge Gateway		+525 (in 2017)
Express	Light/heavy (35/65)	280
Trans Mountain	Light/heavy (80/20)	300
TM Expansion		+450 (in 2017)
Keystone	Light/heavy (25/75)	591
Keystone XL	Light/heavy	+830 (in 2015)
<b>Total Existing Capacity</b>		<b>3,498</b>

**Export Supply 30560**

Mr. Bergner next turned to export supply, had Mr. Lemphers agree that production is increasing year-over-year and that CAPP had added 885,000 bpd by 2025 in its 2012 forecast over 2011. Mr. Lemphers said he did not use the 2012 CAPP forecast, but he was aware of the change. He agreed with Mr. Bergner that pipeline capacity would be required earlier than he had assumed in his evidence, or “if there was higher production output, yes, there would be shut-in potential at an earlier date.”

Mr. Bergner established with Mr. Hughes that the increase in production from the Bakken play has been significant, and that Enbridge is planning a new pipeline from the Bakken play to the Enbridge Mainline at Cromer Manitoba.

Referring to the CAPP 2012 forecast, Mr. Bergner quoted, “This analysis indicates additional pipeline capacity exiting Western Canada will be required by 2014.” 30628

“You made some statements very different in your evidence,” he says to Mr. Lemphers, and asks, “Do you think CAPP is wrong?” Mr. Lemphers stated that the situation has changed dramatically since 2010. Mr. Bergners: “Fair enough. So your analysis used earlier information?” Mr. Lemphers concurred.



**Examination by Don Davies for Cenovus et al 30637**  
(Cenovus, Nexen, Suncor and Total)

**The importance of transportation service agreements in a pipeline application**

Mr. Davies asked Mr. Lemphers about his question in “Pipeline to Nowhere” [[Exhibit D66-3-04](#)] “Why doesn’t Enbridge have shipper agreements?”. Mr. Lemphers named a number of other pipelines and said “these all had firm transportation service agreements.” “Having firm shipper agreements ... allows you to have much more certainty that there is actual proven demand for the pipeline. It cuts out a lot of the back and forth that’s been happening to try and prove that there’s downstream demand whether it be in the U. S or in China. If you have proven long-term service agreements, it’s able to provide very strong evidence in the case of market demand for it.”

Mr. Davies named a number of pipelines which had received approval without transportation service agreements in place. Mr. Lemphers says they were all pipelines which serviced the USA, whereas NGP will service overseas markets and there is additional market uncertainty which comes with that.

Mr. Lemphers’ stated that the funding participants with NGP have not indicated a strong commitment to the project or confidence that markets exist for the oil. A transportation service agreement would indicate commitment and confidence. The \$10 million each has put into NGP is “not a lot of skin in the game,” he said. Mr. Davies asked, “You don’t think \$10 million is having a lot of skin in the game?” Mr. Lemphers replied, “Considering that they’re being asked to put down \$1 billion each, I do not think the two numbers compare very readily.” 30740

**Examination by Richard Neufeld for Northern Gateway Pipelines 30770**

**National energy strategy**

Mr. Neufeld stated that he would be asking questions of Mr. Hughes, primarily about his report, “The Northern Gateway Pipeline: An Affront to the Public Interest and Long-Term Energy Security of Canadians.” [[Exhibit D66-3-07](#)]. He focussed initially on this statement, “The absence of a national energy strategy given the non- renewable nature of the majority of the energy inputs to Canadian society represents an extreme vulnerability to the long-term energy security interests of Canadians. Proposals such as Northern Gateway which require uncontrolled growth to the detriment to the national interest are one of the consequences of this.”

Mr. Neufeld asked a sequence of similar questions which attempted to discover whether Mr. Hughes was arguing that “the toggle that the federal government should be manipulating in order to control the pace and scale of energy development, is the pipeline infrastructure that services that development.” Mr. Hughes denied this was his position. 30814

Mr. Hughes drew attention to a chart in his report on which he has superimposed his own research on a base chart from CAPP. Instead of letting Mr. Hughes explain the chart and its implications, in response to the previous question, Mr. Neufeld changed the focus and said, “These figures appear to attribute things to CAPP that CAPP did not put in its report.” 30863

Referring to Table 1 “Existing and proposed export pipeline capacity from Canada” in Mr. Hughes’ report, Mr. Neufeld questioned details in it, such as the expected completion date for Keystone XL and Trans Mountain Expansion.

### **Discounting of WTI to Brent**

Prefaced by the comment that the question may not be “up his alley” given that he is from the Geological Survey of Canada, Mr. Neufeld asserted that Mr. Hughes “... suggested that discounting of WTI to Brent will disappear once the bottleneck at Cushing disappears” Mr. Hughes agreed, noted that the current spread is slightly above \$20 and that is because the necessary pipelines are not in service yet. 30976

### **Questioning the line of questioning**

Mr. Neufeld asked Mr. Lemphers a few questions about his background at Pembina Institute, then turned to three presentations including one from Pembina Institute filed in evidence by NGP [[Exhibit B70-8](#)]. The presentations are from the US anti-tar sands movement. Mr. Robinson objected, as neither Mr. Hughes nor Mr. Lemphers were authors of the presentations, and Mr. Neufeld provided a lengthy argument as to why he should be allowed to question on these materials. The Chairperson allows him to proceed. 31023

Mr. Neufeld pointed to slides which showed that ForestEthics and Pembina Institute are part of a trans-border initiative to impede tar sands development with \$7 million in funding, and that “Strategic Track 1” is to stop or limit pipeline and refinery expansions. Finally, he landed on the slide on page 39 which identified four parts of a campaign. He then asks Mr. Lemphers, “And you can confirm for me, sir, that what this panel has seen in terms of I think what one intervenor or one of the groups called the Mob the Mic Campaign, amongst other things, has been evidence of each of these tactics in this hearing?”

Mr. Robinson questioned that question, Mr. Neufeld apologized, and rephrased the question: “But you agree that what we’re seeing then is in this hearing we have seen certainly a lot of involvement in the regulatory process.”

A moment later he asked, “So the campaign has been quite successful, from your perspective?” Mr. Lemphers replied, “It’s a fairly basic story. I think people can make up their own minds.” 31060

### **Introduction of the Communications, Energy and Paperworkers Union of Canada Panel by Leanne Chahley 31101**

(Leanne Chahley is standing in for Steven Schrybman)

Ms. Chahley introduced David Coles.

David Coles, President of the Communications, Energy and Paperworkers Union of Canada.[[D39-3-1](#), [D39-3-2](#), [D39-3-3](#) Evidence of CEP]

### **Examination by Keith Bergner for CAPP 31121**

Mr. Bergner asked if Mr. Coles’s union supports the AFL’s position opposing the exports of unprocessed bitumen, and whether CEP has a position on the import of oil. Mr. Coles answered that his union agrees with the AFL, and “would prefer that Canada have an oil strategy that would rely on domestic oil supplies.”

Mr. Bergner confirmed that CEP is opposed to the proportionality provisions in NAFTA. He then asked about the relevance of NAFTA in the context of NGP which has been primarily about exporting crude oil to Asia. Mr. Coles replied, “Our overlying concern is that we do not have a national energy strategy in Canada.”

“On the issue of a national energy strategy, would it fair to say that CEP does not support the current approach by government on energy matters?” Mr. Bergner asked. Mr. Coles: “Most certainly correct.”

### **Examination by Loyola Keough for MEG Energy 31210**

Mr. Keough noted from CEP’s evidence that it is “is Canada’s largest union of energy industry workers with some 35,000 members employed in oil and gas extraction.” He asked Mr. Coles if “a strong energy industry is good for your union.” Mr. Coles said the question was not specific enough, and gave the example that his union opposed the use of lead in gasoline, even though it cost members’ jobs. “Just because the industry is growing doesn’t necessarily meet all of the criteria of the desires of our membership.”

Mr. Keough reviewed CEP’s history of intervening in energy proceedings to advance its position that Canada should not export unprocessed bitumen and that we should upgrade and refine as much as possible in the country. Mr. Coles acknowledged that the effect of their interventions and arguments have consistently failed – the pipelines get built anyway.

Mr. Keough’s final question was whether Mr. Coles is opposed to letting market forces set the price of crude oil. Mr. Coles agreed.

### **Examination by Richard Neufeld for Northern Gateway Pipelines 31260**

Mr. Neufeld asked whether CEP was in favour of the Enbridge Line 9 reversal to allow Western Canadian oil to flow from Sarnia to Suncor’s refinery in Montreal. Mr. Coles said that they had already publicly endorsed the proposal.

## **Introduction of the Province of Alberta Panel by Ronald Kruhlak 31309**

Mr. Kruhlak introduced Dr. Harold York and Mr. Christopher Holly

Dr. Harold York, Analyst, Wood Mackenzie, [\[E8-3-2\]](#), Netback Impact Analysis of West Coast Export Capacity] [\[E8-6-4\]](#), Addendum] [\[E8-6-2\]](#), Alberta response to AFL IR 1]

Mr. Christopher Holly, Executive Director of Research and Technology, Alberta Energy. [\[E18-18-1 CV\]](#)

The direct evidence of Mr. Holly contains the sentence, “Alberta is supportive of market diversification initiatives that can result in new and incremental markets for Alberta’s petroleum and value-added products.” Ms. Chahley representing the Alberta Federation of Labour stated that this direct evidence was filed only this week, and this sentence is an important statement of policy on which parties must be able to question, or the sentence should be removed. Mr. Kruhlak stated they will remove the sentence. Subject to removal of the sentence, the evidence was accepted.

## **Examination by Caroline O’Driscoll for the Alexander First Nation 31360**

Ms. O’Driscoll explained that she would be questioning on crude production forecasts, Canada’s upgrader capacity, and will be Alberta’s royalties calculations.

After reviewing a few statements in Dr. York’s netback analysis, she confirmed with him that there is “no reference to Aboriginal right issues and the potential costs and delays they might create with respect to oil sands development.” She then asked how they were addressing Aboriginal rights in their forecasts. Dr. York replied that they don’t, not in his well head production economics.

She asked if Dr. York knew whether the oil sands were in Treaty 6 territory. He did not know. He also did not know whether the development projects had been approved by the First Nations affected by them.

## **Upgrader capacity 31432**

Ms. O’Driscoll cited from Dr. York’s addendum [\[E8-6-4\]](#): “In the December 2011 report, Wood Mackenzie assumed upgrader capacity additions of 100 kbd through the outlook period. The revised forecast now assumes 300 kbd of new upgrading capacity for bitumen to synthetic crude oil (SCO) is on-stream by 2017 based on a number of upgrader projects either having been announced, or advancing towards commercial development.”

Ms. O’Driscoll asked what projects he is referring to. He replied that they did not specify, but they believed Suncor’s Voyageur project goes forward. She asked, “Did you consider the Alberta First Nations Energy Centre? It’s an Alberta First Nations and Teadrum Inc. initiative for a First Nations-owned refinery.” He undertook to find out.

Referring to [[Exhibit E8-6-2](#)], and a statement that Wood Mackenzie did not include consideration of royalties in its study, Ms. O’Driscoll asked Dr. York, and then Mr. Holly to obtain some information about royalties with this question in mind, “Is there a portion of the royalties that are allocated to a revenue sharing arrangement with First Nations?”

Mr. Kruhlak objected on the grounds that the witnesses are being questioned about a subject on which no evidence was filed. The Chairperson directed Ms. O’Driscoll to confine her questions to the evidence.