

CONTEXT

Energy Examined.

THE ENGAGEMENT ISSUE



IT'S TIME TO
STAND UP
AND **BE HEARD.**

WHAT'S UP AT
CAPP, Q1

OUTREACH
FUNDAMENTALS

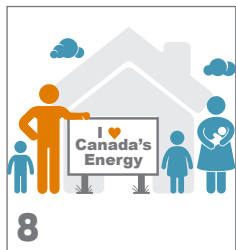
REGIONAL PROFILE:
BRITISH
COLUMBIA

CAPP
CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS
Canada's Oil and Natural Gas Producers
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Changing hearts and minds by reaching out to people directly in homes, coffee shops and community halls.

CONTEXT IS PRINTED ON 100 PER CENT POST-CONSUMER FIBRE, MANUFACTURED USING BIOGAS ENERGY



BY USING 850 KG OF RECYCLED MATERIAL WE SAVED:



14 GJ OF ENERGY



58,230 LITRES OF WATER



2,345 KG OF GREENHOUSE GASES



714 KG OF SOLID WASTE



16 TREES



IN THIS ISSUE

WELCOME TO OUR ENGAGEMENT ISSUE

» Why dedicate an entire issue to the topic of engagement? It's become a core strategy here at CAPP to deliver on our two industry goals of enhancing market access and increasing competitiveness.

In his message, CAPP president and CEO Tim McMillan discusses the importance of this strategy within the context of the challenging economic times we find ourselves in (page 3). Next, our cover feature, "Active Engagement," (page 8) highlights what's involved: moving industry supporters from passive endorsement to active engagement, and discussing how this is an effective means of building grassroots action that influences public policy decisions on things such as pipeline infrastructure and industry growth.



Our second feature, "Outreach Fundamentals," (page 12) takes you behind the scenes with some of CAPP's road warriors—staff that reach out to the residents, business leaders, politicians and other key stakeholders on the front lines in places like northern B.C. and central Ontario.

For our Canada's Energy Citizen Profile (page 16), we meet Brian Lieverse, a proud champion of the energy industry. Lieverse conducts tours of gas well sites; these tours have helped open the eyes of people ranging from Peace Country landowners in B.C. and Alberta to the ambassador of Peru with respect to the great job being done by front-line workers in our industry. Meanwhile, our Energy Citizen Toolkit (page 17) provides some practical information to help you become more engaged on behalf of the industry.

Our regional profile (page 5) takes a look at that most supernatural of provinces, British Columbia. Finally, read "What's Up at CAPP" (page 6) for highlights of how we strive to provide value to members day in and day out. We hope that you enjoy this issue of Context and share this information with employees in your own organization. **C**

Brenda Jones

Manager, Communications

Canadian Association of Petroleum Producers

PRIDE AND ENGAGEMENT IN CHALLENGING TIMES

» As an industry, we've been forced more than a few times in our history to deal with cyclical downturns in oil prices and economic fortunes. I believe what these moments have proven is that we're resilient, we know how to plan, and we meet our challenges head on.

CAPP itself is an example of good planning. As a unified voice for industry, we leverage both the strength as well as the efficiencies that come from a willingness to work together towards common goals. This is important at all times, but even more so at times such as these. When members are forced to make some hard financial decisions, CAPP enables those decisions to be made without sacrificing your voice when and where it's needed the most: both in the short-term and the long, and among governments, stakeholders and the public.

At CAPP, one of our pressing priorities is to address competitiveness issues facing the industry. We know that every dollar counts, and that it is vital that government policies on the regulatory and fiscal fronts take into account industry's perspective—to ensure the sustainability of our industry competitiveness and the tremendous economic benefits we provide to all Canadians.

To that end, we made the case for a fairer Alberta Well Drilling Equipment Tax formula, and recent changes to the WDET will save members as much as \$40 million over five years. We provided feedback that a higher capital cost allowance (CCA) rate for LNG plants was needed to level the cost playing field between Canada and our international competitors, and we've now seen a decision to allow a CCA rate of 30 per cent on equipment and 10 per cent on buildings associated with LNG production.


We'll continue working hard on our competitiveness deliverables and I expect to be able to announce more positive results for industry in the coming months.

One reason for our industry's resiliency and part of CAPP's value is also our ability to keep our eye on the big picture. We know that this downturn will pass and that the long-term fundamentals

haven't changed. Global energy consumption will grow—by some estimates by as much as 37 per cent by 2040. There remains an incredible opportunity for Canada to be the energy supplier of choice, both to our existing U.S. market, as well as for new markets in Asia and Europe.

So the work we have done and continue to do building public confidence in favour of the infrastructure needed to deliver our products to new markets remains vital. With some crucial project decisions ahead of us, expect to see CAPP more active than ever.

Part of our strategy will be to engage our supporters to become more vocal in their support. Now more than ever, we need to be willing to stand up for our industry and show pride in the tremendous work we do, day in and day out, producing products people want and need, in a manner that is safe and environmentally responsible. This, our engagement issue of *Context*, will outline some of our plans to make that happen, and offer some practical ideas for you, our members, to be a vital part of the energy conversation.

To that point I would make a request of you: Show your support for Canada's energy industry and be an inspiration to others. Reading this issue for ideas and information is a great starting point—next, I'd suggest you sign up to join our Canada's Energy Citizens campaign (energycitizens.ca), if you haven't already. You'll soon receive updates on some great events we're planning for late spring and early summer where we can show pride in our industry, support each other as energy citizens, and also have a bit of fun. Hope to see you out there. 

Tim McMillan
President and CEO
Canadian Association of Petroleum Producers



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**When you're prepared, a storm
can be a sight to behold.**

The way you handle the energy
sector's issues today determines
where you'll end up tomorrow. Let's
explore how we can help you weather
any storm.

ey.com/ca/oilandgas

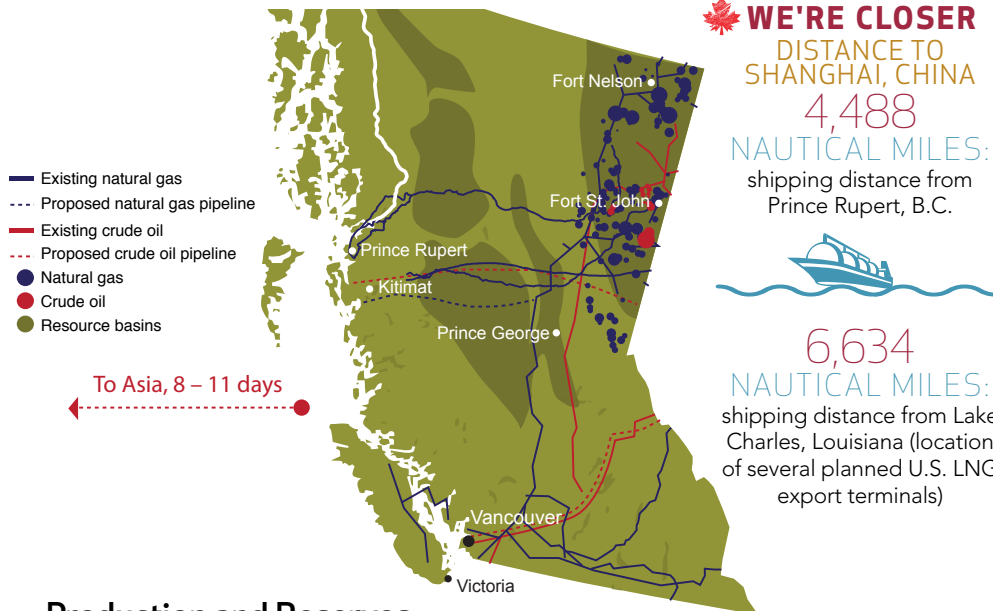


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Oil and Gas Industry Regional Profile:

BRITISH COLUMBIA

British Columbia is an important producer of both crude oil and natural gas. The province also has vast natural gas resource potential in the Horn River and Montney basins. Global energy demand is forecast to grow 37 per cent over the next 25 years, largely driven by increasing demand for oil and natural gas in Asia (International Energy Agency, 2014). There is robust interest in B.C. for creating a liquefied natural gas (LNG) industry to help meet this demand. A proven resource base and proximity to Asian markets via the B.C. West Coast gives Canada a unique opportunity to be the oil and LNG supplier of choice to growing markets.



Production and Reserves

Natural Gas:

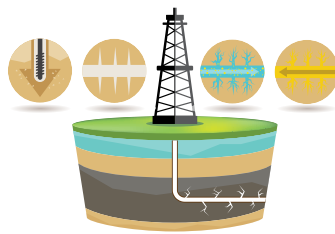
Production:	1.4 tcf per year—enough to heat 3.5 million Canadian homes annually
Producing Wells:	9,500
Marketable Reserves:	35.5 tcf
Marketable Potential:	400 tcf—enough to last for 100 years at current demand levels

tcf = trillion cubic feet

Crude Oil:

Production:	19,000 barrels/day—about 1% of Canada's total daily oil production (41,000 bpd when including pentanes and condensates)
Reserves:	121.4 million barrels
Oil Refining Capacity:	67,000 barrels/day

B.C. Oil and Gas Commission (BCOGC, www.bco.gc.ca) is the province's independent regulatory agency, responsible for overseeing natural gas and crude oil operations.



ABOUT 9,000 WELLS HAVE BEEN SAFELY HYDRAULICALLY FRACTURED IN B.C. (BCOGC)

REGIONAL PROFILE

Economic Contribution

\$1.3 BILLION PER YEAR:

The amount the B.C. government collects from natural gas and crude oil development through land sales and royalties (B.C. Government)



\$551 BILLION

The GDP impact from the operation of existing and new gas wells in British Columbia from 2012 – 2035

(Canadian Energy Research Institute (CERI) 2011)

Employment in Canada is expected to grow from 48,000 TO A PEAK OF 162,000 JOBS (direct, indirect and induced) from natural gas development in British Columbia 2012-2035 (CERI 2011)



614 B.C.-BASED COMPANIES have direct business with the oil sands.

DID YOU KNOW? B.C. IS CANADA'S SECOND LARGEST PRODUCER OF NATURAL GAS, AFTER ALBERTA.



Energy Consumption

Three-quarters of all energy consumed in B.C. is fossil fuels. (B.C. Ministry of Energy, Mines and Natural Gas)



What's New

There are currently nine LNG projects that have received licences from the National Energy Board; an important initial application step (Source: National Energy Board). Canada's federal government recently announced that LNG plants will be able to deduct capital cost allowance (CCA) expenditures at a higher rate of 30 per cent per year for equipment and 10 per cent per year for buildings. This increases the feasibility of LNG projects by freeing up more cash flow during the early years of a project.



Prime Minister Stephen Harper announces LNG tax reclassification at Kwantlen Polytechnic University in Surrey, B.C. on Feb 19, 2015.

First Nations

British Columbia is home to about 200 First Nations, about one third of all First Nations in Canada. Treaty 8, signed in 1899, covers northeast B.C. and many First Nations in other parts of B.C. are engaged in modern treaty negotiations with the provincial and federal governments. Industry is doing its part to consult on projects and to seek opportunities for economic and social partnerships with First Nations communities.



WHAT'S UP at CAPP

CAPP.ca Refresh

On April 1st, CAPP launched a refresh of the CAPP.ca website. The content was updated to enhance the site's role as a primary resource for energy information online. The site prominently showcases CAPP initiatives such as Canada's Energy Citizens (energycitizens.ca), Canada's Natural Gas (canadasnaturalgas.ca), Canada's Oil Sands (oilsandstoday.ca) and Atlantic Canada Offshore (atlanticcanadaoffshore.ca). Other changes include an updated look and feel, improved navigation and search functionality, and mobile optimization.

"You'll be able to find key industry information on CAPP.ca and have quick access to our other sites for a deeper dive," says Melissa Lampman, digital communications advisor at CAPP. "With the refresh, we've positioned CAPP.ca as the leading online voice of the Canadian oil and natural gas industry, driving conversation about Canada's energy, economy and environment."

New Ad Campaign: Inspiring Engagement

This May, expect to see a new advertising campaign from CAPP that directly engages Canadians in the energy conversation while highlighting the strong nationwide support Canadians have for their oil and natural gas industry.

"We are targeting our supporters in regions key to industry growth and market access with TV, print and digital media designed to inspire expressions of support," says Lorèn Lailey-Irvine, manager of marketing and corporate communications at CAPP. "This is an important step toward building the kind of active engagement needed to balance the public debate over energy development." Stay tuned and get ready to show your support.



⬆ A hint of what's to come from CAPP's new ad campaign...



⬆ The updated CAPP.ca website includes mobile optimization.

Tailings Management Framework Released

The Alberta government released its Tailings Management Framework (TMF) on March 13, 2015. The TMF is a policy that aims to ensure plans are in place to manage the volume of fluid tailings over the life of a mining project and ensure faster reclamation. Under the framework, project-specific triggers and limits will be established for each operation to ensure fluid tailings are in a ready-to-reclaim state within 10 years of the end of mining operations. The TMF recognizes some fluid tailings accumulation is acceptable and an important part of any mining activity, provided it is monitored and managed toward an acceptable closure landscape.

"CAPP provided input to the government's policy development process and supports the TMF," says Greg Stringham, vice-president oil sands and markets. "We believe this policy will ensure full reclamation of oil sands tailings over a reasonable timeframe. It will be a challenge—but as an industry we are committed to it."

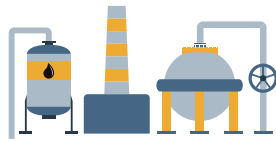
Fluid Tailings:

A blend of water, sand, fine clays, silts and residual bitumen that are by-products of the oil sands mining and extraction process.



⬆ Suncor's first tailings pond, Wapisiw Lookout. The first tailings pond to be reclaimed to a solid surface, the goal is to establish a diverse, self-sustaining locally common boreal forest ecosystem.

Photograph: Courtesy Suncor Energy



LNG Gets a Break

The federal government recently announced changes to the tax treatment of LNG facilities. For capital assets acquired after February 19, 2015 and before 2025, LNG suppliers are eligible for a higher capital cost allowance (CCA) rate of 30 per cent, up from eight per cent. Non-residential buildings at LNG facilities will be eligible for a CCA rate of 10 per cent, up from six per cent.

CAPP supports this policy change which aligns with recommendations CAPP made in its 2015 federal budget submission and advocacy efforts. Based on the original eight per cent CCA rate, it would have taken 27 years for Canadian LNG assets to substantially depreciate (i.e., by 90 per cent), compared to about 13 years for LNG assets in the United States and Australia. The recent change helps Canadian LNG facilities compete on an even playing field with other jurisdictions from a fiscal perspective.


A HIGHER CCA RATE

DELAYS THE TIMING OF TAX PAYMENTS FROM THE EARLY YEARS OF A PROJECT—WHEN MAINTAINING CASH FLOW IS MOST CHALLENGING DUE TO HIGH UPFRONT COSTS—TO LATER YEARS.

Transforming the AER: Why it Matters

In 2013, the Alberta Energy Regulator (AER) was created. It combined the regulatory functions of both the Energy Resources Conservation Board, and the Ministry of Environment and Sustainable Resource Development. Context chatted with Vicki Ballance, manager of Alberta regulatory affairs for CAPP about why this was done, what CAPP's role has been, and what benefits we've seen as an industry.



 Vicki Ballance, manager regulatory affairs, at CAPP.

Q: Why did the Alberta government create the AER?

A: Back in 2010, the Alberta government initiated the Regulatory Enhancement Project [REP] task force out of a desire to position the province as both a very competitive and a highly rigorous jurisdiction for upstream oil and gas development. CAPP was consulted by the REP task force to provide industry knowledge and suggestions.

One outcome CAPP identified was the creation of a single regulator which would be highly effective, while reducing regulatory burden for industry through a more efficient structure and streamlined processes. This aligned well with the competitiveness principles the government outlined in REP, and so the government legislated the *Responsible Energy Development Act* in December 2012, outlining the creation of the AER with unified responsibility for regulating energy resource development in the oil, natural gas, oil sands and coal industries.

Q: How has the transition been?

A: The AER began operating in June 2013, but its responsibilities were phased in gradually over the first year to manage the complex process of transition. That transition process was completed on March 31, 2014.


As many of our members can appreciate, there were some early challenges, including a backlog of winter drilling approvals in 2013-14, and a lack of clarity regarding requirements for Aboriginal consultation. CAPP provided feedback on these issues and the AER has proven responsive—they continue to work toward introducing a more efficient application processing system while they ensured they were fully staffed for the peak applications load this past winter. The AER also released First Nations Consultation Guidelines last July.

Q: Are we seeing benefits from moving to a single regulator?

A: In February, the AER published the Montney-Lower Doig Subsurface Order Bulletin and, more recently, the AER released a Subsurface Order Bulletin for the Duvernay. These subsurface orders will provide significant cost savings to industry, as they reduce regulatory burden by eliminating the need for repetitive, low-risk industry applications for variance of standard rules.

These subsurface orders are one example. Moving forward, we'll see more regulatory enhancements, such as the development of a New Authorizations Lifecycle Approach (NALA). The goal of NALA is to create a single integrated application that will eliminate unnecessary bottlenecks and duplication. CAPP members have been engaged to provide feedback on a solution. The AER has also committed to its Near Term Action Program (NTAP) with a goal to deliver \$1 billion in savings to industry. Meanwhile, CAPP continues to provide input to the AER's Continuous Improvement Group, identifying options and recommendations for how to improve current system performance.

The AER has also committed to its Near Term Action Program with a goal to deliver \$1 billion in savings to industry.

Overall, I think we are now really beginning to see the shift toward the transformation of the AER into the modern, efficient and performance-based regulator the government envisioned: one that enhances industry competitiveness while maintaining a rigorous commitment to environmental management, public safety and responsible development. 

 Learn more about the Alberta Energy Regulator at www.aer.ca.

FROM PASSIVE ENDORSEMENT TO **ACTIVE ENGAGEMENT**

CAPP AND INDUSTRY AIM TO TURN UP THE VOLUME BY INSPIRING SUPPORTERS TO STAND UP FOR CANADA'S OIL AND GAS INDUSTRY.

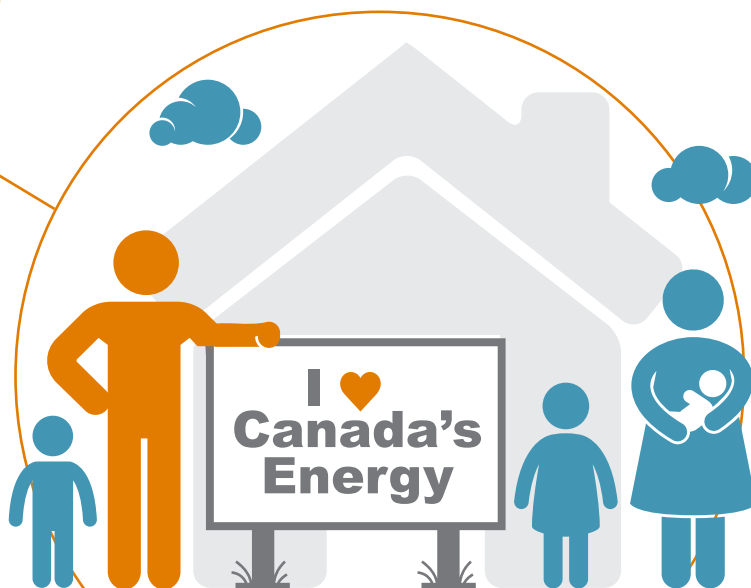
By Clare Stanfield

Dear Honourable MP:
I am writing in support
of energy development
in my community...



**CANADA'S ENERGY
CITIZENS**

**BARBECUE
AND RALLY**



» If you've ever stood in line for your morning coffee, listening to people behind you criticize the energy industry, and debated whether or not to say something, Jeff Gaulin says you're not alone.

Gaulin, vice-president of communications at CAPP, understands the strong social forces working against supporters of Canada's oil and natural gas industry to speak up publically. "It's a three-to-one ratio of those willing to speak out against the industry to those willing to speak up for it," he says. "And we really need to change that."

Those numbers are a bit surprising when you consider that among the general population, polls typically show broad support for the industry—routinely 40 per cent support versus 25 per cent opposition.

"We want to connect Canadians to our industry in a way they haven't been connected before before. It's about personalizing and humanizing the industry."

At the heart of the issue is the fact that environmental NGOs have dominated the public discourse on energy with very successful, emotionally appealing campaigns that have created an "us versus them" dynamic, where "us" is on the side of the good guys and "them" is...well, not.

How did it get like this? Gaulin thinks one reason may be the nature of the business itself. "We've been a remote industry," he says. "Physically, in the sense that the oil sands just are where they are, and few get to actually see them.

"But we've been intellectually remote, too," Gaulin adds. "We operate with an engineering mindset, and for too long we've had the idea that the facts will set us free; that people would look at the

facts and realize that we're doing a good job, that we're acting responsibly. But people don't always make their decisions on facts alone. They rely on values and feelings. This is a social issue."

This appeal to values and emotion, he says, has made the anti-oil and gas movement very successful. "They are very good at mobilizing the public around a social issue, and that is our simple, yet difficult, task—to mobilize Canadians around this issue in a different way, starting with our own people."

Deryck Spooner agrees: "Whether supporting an environmental message or an industry message, the strategy and tactics are the same." Spooner is senior director for external mobilization for the American Petroleum Institute (API). He's seen both sides of the debate, having worked previously on campaigns for the Nature Conservancy. Spooner adds, "What we need to keep in mind is many of the organizations opposing pipeline and infrastructure projects are not true environmental groups like the Nature Conservancy. Some are extremists who will use any tactic to try and stop industry, including spreading misinformation to capture the emotions of the public." The challenge for industry, says Spooner, is to not only counter this with facts—but far more critically, to get the facts to and inspire action among the people the public trusts.

TRUST BEGINS AT HOME

"We work in an industry that many people love to hate," says Justin Reti, senior communications advisor with the internal communications team at Cenovus Energy. "It's not easy to declare your support for it."


Cenovus, known for its external efforts to change the public dialogue, launched an internal initiative starting in October, 2013. "On the internal front we looked for ways to help our staff and give them the information and tools they needed to start positive energy conversations," says Reti.

The company took a multi-pronged approach with (among many other things) wearable pride in the form of "I ♥ Oil" t-shirts, toques and ear-warming headbands; a "Speak Up" package with tips, examples and industry facts all designed to encourage (or support) conversations with friends and family; and an update to the company's social media guidelines designed to encourage greater participation in online discussions and debates.

Cenovus's effort to nurture personal engagement among employees aligns with a model of engagement Gaulin foresees for the entire industry.

"It's one thing for industry to try and sway people through television commercials and news media sound bites of CEOs talking about company sustainability initiatives. Unfortunately, that only takes us so far," says Gaulin.



 Cenovus' I ♥ Oil toques have become a popular item.

» Justin Reti, senior communications advisor at Cenovus

It's a question of trust. "Who are the most trusted sources of information for most people?" he asks. "It's friends, family, neighbours—these are the people we believe the most. So this conversation has to start within our industry, within CAPP, and our member companies and expand outward from there."

Spooner's experiences with API and the Nature Conservancy support this approach. "People need to be able to have a conversation with individuals they trust who can alleviate their concerns. That can only happen if a company gets on the ground, reaches out to, educates and mobilizes local leaders and citizens to support the project. This is especially critical now that those opposing the industry are increasingly engaging in local, grassroots campaigns."

"We looked for ways to give our staff the information and tools they needed to start positive energy conversations."

Spooner adds, "A personal conversation will always trump a piece of mail, and information from a trusted friend or leader will always trump information from a stranger. We have to build allies that can deliver a personal local message."

THE IMPORTANCE OF SOCIAL COVER

Reti says Cenovus employees embraced the company's approach, and that had a spillover effect to the wider community. "What we saw was the more our staff wore the t-shirts, the more external requests we got for them. When we put the toques out, they went quickly!"

Which is great, but the idea is not simply to have people wear a cool shirt. It is more about how wearing a cool shirt might start a conversation, and while Reti has seen that happen, he acknowledges that not everyone is up to it right away, and that's okay.

"Based on their individual comfort level, people could use these things how they wanted," says Reti. If it was just wearing the t-shirt, that's fine. Or wearing the t-shirt while giving a speech, that's fine too. "The idea was simply to give staff a way to show their pride in their company and their industry and arm them with a variety of tools to help them do that."

Gaulin agrees that people need to move at their own pace and comfort level.

"We're not asking people to take to the streets," he says. "But we do hope that people who support this industry will start to feel more comfortable about expressing their support. For that to happen more consistently, we need to provide social cover: that is, we need to make it socially acceptable to speak up."

You can point to almost any social movement to see how social cover works—seatbelts, smoking, impaired driving and yes, even the anti-oil and gas campaign. Most of these movements started small, with a motivated and vocal core group of individuals facing a larger societal unwillingness or indifference to change. But as that group talked, provided evidence to support the validity of their position and appealed to people's emotional ideals and community values, this gave legitimacy for others to speak up.

CAPP and industry's engagement strategy aims to start things rolling by providing tools and resources to help its strongest supporters—for example, employees of member companies and the oil and gas supply chain, as well as members of trade unions, chambers of commerce and passionate individuals who believe in Canada's oil and gas industry—to start



Photograph: Courtesy Cenovus

engaging publicly and to tell their own stories.

Says Gaulin, "We want to connect Canadians to our industry in a way they haven't been connected before. It's about personalizing and humanizing the industry."

FROM ENDORSEMENT TO ACTION

CAPP's engagement strategy is evolving. For now, Gaulin says, there's a range of little things people can start to do, from writing letters to editors, speaking to social clubs and networks, writing to MPs, maybe even speaking up in that coffee lineup. "All those little things add up," he says.

Meanwhile, CAPP is building toward a full-blown grassroots outreach program that will begin to take shape in coming months. The goal will be to shift industry supporters from a mode of passive endorsement to active engagement. CAPP's manager of campaigns, Christina Pilarski identifies three key stages to this effort that are in the works: identification, recruitment and activation.

"We know the support is out there," Pilarski says. "We've made some good progress identifying that support. The next step is to build relationships with our supporters, and inspire them to become visible and vocal champions for industry."

Central to this relationship-building effort is getting supporters to sign up to the Canada's Energy Citizens Campaign (energycitizens.ca), a growing online community where members can share content, participate in social media conversations and disseminate

How Engaged Are You?

In the past year, which of the following energy engagement actions have you done?

information on events and other advocacy-style initiatives. CAPP will also launch a regionally targeted ad campaign in May that directly engages Canadians in support of the energy conversation.

In parallel are planned recruitment drives in key communities involving speeches, social events, town halls and community cafes. CAPP staff, with the support of members, will be on the ground to provide the personal touch.

"Planned mobilization initiatives include letter-writing campaigns, lawn signs, events and rallies," adds Brad Tennant, CAPP Alberta campaigns advisor. "Supporters will be given the tools and resources to spread the word, including information pieces, and promotional materials such as buttons, bumper stickers and t-shirts. We're even developing a 'campaign-in-a-box' toolkit for people willing to become champions for industry within their own local community."

The key, notes Pilarski, will be to foster "sustained engagement." "If we can create an environment where people feel like they're part of something larger and that they have an opportunity to make a difference, we should start to see a real groundswell of visible support."

A BALANCED CONVERSATION

"I think it's important we are assertive and clear, but respectful," says CAPP president and CEO Tim McMillan. "That's what Canadians expect. Those who shout, intimidate and bully eventually lose effectiveness." Indeed, the 2015 Edelman Trust Barometer indicates that public trust in environmental NGOs wanes when they become more extreme. It's a lesson the oil and natural gas industry takes to heart as it emphasizes fostering balanced, honest and solutions-oriented conversations.

"We're not trying to build an army of radicals," notes Gaulin. "And it's not about dispensing with the work we've done before. There still needs to be


an emphasis on energy literacy and communicating the facts on how we're a world-class industry when it comes to responsible development.

"We just need to shift the dial so that people can connect meaningfully, personally and emotionally with these facts."

Is it possible for the oil and natural gas industry to make that shift happen? Gaulin believes it is, but that it's going to take commitment, patience and creativity. "We didn't get into this situation overnight and we won't get out of it overnight either," he says about the negative perceptions and misinformation

that dominate many public discussions about Canada's oil and gas sector.

"We've got a big hill to climb. What we're really talking about is fundamentally changing the way the industry connects with Canadians, and we have got to get this right so that public policy is supported," says Gaulin.

"At CAPP, we're taking a systematic approach, starting with supporters," he adds. "We want those people to know three things: one—you're not wrong, two—you're not alone, and three—you can play a role. Every small act counts." 

	POINTS
I participated in an energy-related discussion on social media (10 points).	
I showed pride for my industry when chatting with family and friends (10 points).	
I learned more about the oil and gas industry by visiting energycitizens.ca or other information resource (10 points).	
I wore in public an I ♥ Canada's Energy button, or other wearable demonstration of support for Canadian oil and gas (15 points).	
I joined the Canada's Energy Citizens campaign at energycitizens.ca (15 points).	
I wrote to my MP, MLA or local government official in support of an oil and gas-related project (20 points).	
I wrote to a news media outlet correcting an error or unfair representation of the industry (30 points).	
I participated in an event to show my support for jobs, economic benefits and responsible energy development (25 points).	
I organized a meeting or event in my community to show support for the Canadian oil and gas industry (50 points).	
I read this article and am excited about the ways I can show my support for the industry (5 points).	
TOTAL (MAX = 190)	

0 to 5 points

Not engaged:

That's all right—we're here to help. Join Canada's Energy Citizens at energycitizens.ca and we promise we'll get you excited and engaged in support of our industry.

10 to 50 points

Energy Supporter:

Great start—keep up the good work!

55 to 100 points

Energy Ambassador:

That's awesome: you're a role model to others.

More than 100 points

Energy Champion:

Amazing! Give us a call, we'd love to hear more!



CHANGING HEARTS AND MINDS IS ABOUT MORE THAN UPLIFTING MESSAGES DELIVERED TO SOARING SOUNDTRACKS. EVENTUALLY YOU HAVE TO REACH OUT TO PEOPLE DIRECTLY IN HOMES, COFFEE SHOPS AND COMMUNITY HALLS.

By Andrew Mah

▲ Lee Coonfer, CAPP's B.C. outreach advisor (right), meets with students from the UBC Sustainable Energy Department.

» It's another day on the road in northern B.C. for Chris Montgomery. It's been a grinding travel schedule—last week he was in Prince George, and before that, Fort St. John and Dawson Creek.

The diet is the first thing to go—too many quick, greasy lunches at fast food counters, too much coffee at the Tim Hortons just to stay awake. Getting around to some of the more remote communities is tough too—some days it's like a real life version of *Planes, Trains and Automobiles*. Today he's in Prince Rupert where air travel isn't always reliable and so he's just spent the last couple of hours driving up Highway 16 from Terrace—that, after five hours of air travel from Calgary.

Yet Montgomery notes "it's a beautiful drive," of the scenic Highway 16 that winds along the Skeena River with the northern Rocky Mountains as backdrop.

Montgomery adds that he enjoys getting out to all the different communities. This hints at the can-do positivity that he brings to the job—one he proudly takes on. Many of the residents of these communities are getting to know 'that guy from CAPP' as a straight shooter with

a positive industry message. He's beginning to see some traction, too—a willingness among residents to listen to industry's message of responsible operation and local benefits. It's step one and kilometre zero of CAPP's ground campaign.

Montgomery is CAPP's manager of exploration and production communications and engagement. He's one of a small group of front-line CAPP staff involved in the challenging task of fostering greater understanding and support of industry's growth and the need for market access infrastructure in communities across the country.

In the case of British Columbia, a lot of the work is addressing the concerns of residents living near operations, as well as municipal leaders and local business owners. These concerns include issues related to flaring, infrastructure and water use by the natural gas industry. "They also want to know what's happening in



their local area—what the development plans are, and also whether it'll bring permanent, local jobs and economic benefits to the community," says Montgomery.

Montgomery has a lot of territory to cover—the numerous communities near where natural gas development is expanding (i.e., the Duvernay in central Alberta, through Peace Country and into the Montney and Horn River formations in B.C.). Add in the proposed market access corridor which would take natural gas from these areas through mid-central B.C. and on to ports at Prince Rupert and Kitimat along the B.C. North Coast, and we're talking several hundred thousand square kilometres of land.

Luckily, he's not alone—he's continuously co-ordinating with member companies who operate in these areas, local operator groups, LNG project proponents, as well as the recently formed B.C. LNG Alliance. He's also aided by the fact that many of the communities are accustomed to resource development of one sort or another—be it oil and gas, forestry or mining.

The same can't be said for Ontario, where David Sword is part of the vanguard to open a market access corridor through Ontario and Quebec—in particular, to support TransCanada's proposed Energy East pipeline project. After attending a number of Energy East open houses and public consultation hearings held by the Ontario Energy Board, Sword—CAPP's Ontario communications and outreach advisor—commented, "There was a lot of room for education."

"Some of the information people have is not correct. But it's a great opportunity to set the record straight."

Sword has been working in tandem with TransCanada's outreach team, providing the upstream oil and natural gas story in communities along the proposed Energy East route. He's met with concerned residents, mayors and councillors of small towns, and leaders of business and labour groups.

A lot of times, his outreach efforts require stepping back to basics—explaining for example what the oil sands are, how tailings ponds work and how industry has made important improvements in reducing GHG emissions per barrel of production. At times, he has to deal with misinformation.

"Some of the information people have is not correct," says Sword, "But it's a great opportunity to set the record straight."

Then again, there are moments of extraordinary support. In the community of Smooth Rock Falls along Highway 11 in northern Ontario, Sword found that residents "really understand the need for this infrastructure and the benefits it can provide." Thanks to outreach and education by

TransCanada with Sword and CAPP in support, the local government became keen to get engaged and show their support. They recently passed a municipal resolution in support of Energy East.

Identifying this kind of support is at the heart of CAPP and industry's ground campaign strategy. While past industry



➤ Chris Montgomery, CAPP manager exploration and production communications and engagement, responds to the concerns of local residents in Fox Creek, Alberta.



➤ David Sword, CAPP advisor Ontario communications and outreach, oil sands (left), with TransCanada Ontario director Stefan Baranski (right) at a TransCanada open house in Stittsville, Ontario.

communications efforts, primarily in the form of nation-wide advertising campaigns, have helped establish a plurality of support across Canada for oil sands and natural gas development, industry recognizes that reaching out to people in their homes, businesses and community halls is the only way to truly change hearts and minds.

As a former politician, CAPP President and CEO Tim McMillan takes this ground and grassroots philosophy to heart. “Ad campaigns are essential for being noticed, but it’s standing on the doorstep of constituents, explaining your values and what you represent while listening to the concerns and aspirations of the people whose support you need—that’s what wins or loses elections.” As an example, during his first campaign to be the MLA for Saskatchewan Lloydminster, McMillan knocked on every door at least once for households in the surrounding communities, and twice for every door inside Lloydminster’s borders. “I’ve knocked on thousands of doors,” McMillan notes.

“You have to engage people at a personal level if you want them to listen to you and show you their support.”

Now with CAPP, McMillan sees a similar approach being critical to industry’s growth and market access priorities. “The geography is broader, and the stakes are our industry’s ability to access new markets. But the principles are the same: you have to engage people at a personal level if you want them to listen to you and show you their support.”

Lee Coonfer, CAPP’s outreach advisor for B.C. agrees that the personal touch is needed.

“It’s outreach 101,” says Coonfer, “There’s a comfort level created through face-to-face conversations. It helps you establish a genuine relationship and build some trust. The other person may not always agree 100 per cent with you, but at least that line of communication is now open.”

Coonfer works closely with Montgomery in British Columbia, but with a focus on oil sands market access priorities. In addition to supporting Enbridge’s Northern Gateway project through northern B.C., Coonfer is on the front lines of Kinder Morgan’s planned expansion of the Trans Mountain pipeline from Edmonton down through the Fraser Valley into Burnaby.

Greater Vancouver has been a tough area to find support. However, he’s been reaching out to a variety of groups, including a group of students from the University of British Columbia Sustainable Energy Department that he recently met with at a campus coffee shop.

“They invited me out. They had some tough questions, but I think we were able to find some common ground,” Coonfer says. “Plus, they really appreciated that we—industry—are open to having these kind of robust, transparent dialogues.”

As well, at a recent town hall in New Westminster, Coonfer had the opportunity to provide needed energy literacy while

also getting residents to think about the Trans Mountain project in more personal terms. Coonfer initially addressed the concerns citizens had about marine safety—pointing out the unfortunately little-known fact that oil has been shipped safely out of Port Metro Vancouver for 60 years without incident. He then asked the audience to consider the men and women employed by the industry and what it means to their families and livelihoods.

“Making it personal, engaging them at a human level—I could see their expressions change. They were more open to what we had to say,” says Coonfer.

So far, CAPP's outreach team in the field has had success identifying on-the-ground support from a variety of sources including trade unions, business councils, chambers of commerce, some local businesses as well as municipal governments. As CAPP continues its on-the-ground outreach efforts, Coonfer predicts “a lot more to come.”

Bruce Kyereh-Addo, hired in February 2015 as CAPP's Ontario campaigns advisor, will be working with Sword in Ontario, but with a focus on turning passive endorsement into active engagement. He's already seeing dividends in terms of the public's response to the strategy.

“People in the nation's capital have been coming up to me, saying ‘Why hasn't this



▲ CAPP Ontario campaigns advisor Bruce Kyereh-Addo (second from left) and CAPP, advocacy and outreach advisor, Sabina Postolek (far right), help promote a Canada's Energy Citizen event in Ottawa, Ontario.

been done already?’ and ‘Just let me know how I can help.’ A great number of people have been waiting for something exactly like Canada's Energy Citizens,” says Kyereh-Addo. “Now we've got to get them mobilized.”

For Montgomery, after many miles travelled by both ground and air, he too is beginning to sense a change in the air. “I can see we're making a real difference. It's not just an abstract uptick in our polling

numbers or website click throughs. People are now offering their help to us,” he says.

It's good news, a heartening affirmation of a lot of hard work. But that doesn't mean there won't be many, many more hours on the road to come, visiting people in their homes and offices, at town halls, big conferences and small cafes—wherever they need to go—for CAPP's outreach and campaigns team. **C**



Safety 101: WHAT'S WRONG WITH THIS PICTURE?

Think you know what the safety hazards are in this picture?

Visit www.capp.ca/publications-and-statistics/context-magazine/safety-101 to get the answer from Linda Clarke, CAPP health and safety analyst.

Brian's ENERGY STORY:

» **Brian Lieverse** is on the front lines, showing local communities and the world how Canada produces energy responsibly and safely.

The ambassador to Canada from Peru has just wriggled into a pair of protective coveralls while inside the tour bus, and steps outside to join a group of officials. Everyone is wearing safety helmets, peering expectantly up at a tall drilling rig. They are on a tour of an operating drilling site for a natural gas well, located just outside of Dawson Creek in northern British Columbia.

Their tour guide is a tall figure that simultaneously exudes gravitas and affability. He explains how the latticework of wood mats covering the area protects the ground while providing a stable surface for workers. He leads them over to the rig, but pauses at the base for a no-nonsense safety moment: "Now remember, you always need to have three points of contact when climbing the stairs."

It's another day in the life of Brian Lieverse, the man who conducts tours for Encana. He isn't your average tour guide, though. With more than 27 years working in various roles within the oil and gas industry, he's able to speak knowledgeably about the many ways the industry works to maintain world-class safety and environmental impact mitigation standards.

As Encana's senior community relations advisor for northern operations, Lieverse

ENERGY CITIZEN: Brian Lieverse
COMPANY: Encana
RESIDENCE: Beaverlodge, AB
JOB: Senior community relations advisor for northern operations

travels all across the Peace Country which straddles the border between northern Alberta and B.C. He talks with landowners, community members and local governments about the benefits of the oil and gas industry while addressing issues and concerns.

The tours are a great way to dispel myths about the industry.

"There's nothing like experiencing things first hand to truly understand what we mean when we say we operate safely and responsibly," says Lieverse. Tour participants can see, for example, how workers on a site are constantly vigilant for pipe leaks, and will log and clean a spill of even a few drops of liquid onto the ground. "These aren't the wildcatting days," notes Lieverse.


He estimates that he conducts about 25 tours a year. He's taken everyone from government officials to landowners to school kids. The Peruvian ambassador

was one highlight. But Lieverse also finds satisfaction when he can allay the concerns of a local landowner. Overall, Lieverse comments that "when we take people on tours, we find their eyes are opened quite a lot."

"When we take people on tours, we find their eyes are opened quite a lot."

Lieverse is proud to champion Canada's energy industry. As someone who grew up in the Peace Country area, he's thankful to an industry that's allowed him to

have a good career close to home, and one that supports him in giving back to the community (with Encana's support, Lieverse volunteers as a minor-league hockey referee and coach). He sees the industry providing similar benefits to the next generation.

"Our oil and gas industry provides so many opportunities for young people in small communities. It's opened the door toward a much better life here," says Lieverse. 

Photograph: Tryna Gower

**CANADA'S ENERGY
CITIZENS**

Brian is a proud member of the Canada's Energy Citizens community. Join him by signing up at energycitizens.ca.

MYTH BUSTER:

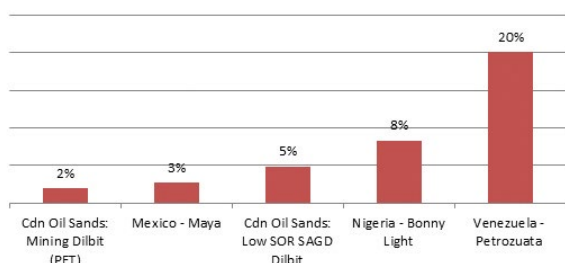
CANADIAN OIL SANDS OIL IS DIRTY

Some fossil fuel opponents characterize oil from Canada's oil sands as "the dirtiest on the planet."



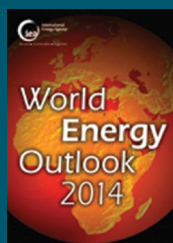
In fact, Canadian oil sands crude has similar GHG emissions compared to other heavy oils used around the world, and is on average nine per cent more GHG intensive than the U.S. crude supply average on a wells-to-wheels basis. Why is it higher? Both mining and in situ processes involve heating water to separate bitumen from sand. Improvements are being made though, through continually improving technology and energy efficiency. The most recent oil sands in situ project produces oil that is five per cent more GHG intensive than the U.S. average, and the most recent oil sands mining project produces oil that is just two per cent more GHG intensive.

Full-cycle GHG Emissions of Different Crude Oils Compared Against an Average Barrel Refined in the U.S.



READING SUGGESTION: IEA World Outlook

The International Energy Agency (IEA) is a respected organization that publishes an annual *World Energy Outlook*. This report incorporates the latest data and market developments to forecast long-term energy demand and production.



www.worldenergyoutlook.org/publications/weo-2014/

Have suggestions of a book, article, website, video or podcast that engaged energy citizens should know about? Send in your ideas to Context@capp.ca.

ACCORDING TO THE 2014 WORLD ENERGY OUTLOOK, BY THE YEAR 2040:

Energy demand will grow

37%

compared to today.



This growth is driven by increasing energy needs in China, India, Southeast Asia, the Middle East and parts of Africa and Latin America.

Oil production will grow by

14 MILLION

barrels per day to help meet that demand.



LNG supply will almost double to just under

600 BCM.



Natural gas production will

increase **50%** to become the dominant fossil fuel source.



Renewable energy output increases from

21% to 33%



for power generation. But fossil fuels remain essential for the energy security of billions of people around the world.

FIVE REASONS TO NATURAL GAS

Reason #4: Natural gas is cleaner

As the cleanest-burning hydrocarbon, natural gas can be used in a variety of ways to reduce greenhouse gas (GHG) emissions. For example, electricity generated by natural gas has half the GHG emissions as coal-generated electricity. It's also a smart choice for trucks and buses, reducing GHG emissions from vehicles by 15 to 30 per cent. For all five reasons to love natural gas, visit



energycitizens.ca/get-the-facts/natural-gas.



ANSWER TO A TOUGH QUESTION:

Why don't we build more refineries in Canada and keep the jobs here instead of trying to ship diluted bitumen overseas?

The short answer: In Canada, we already refine enough oil to meet all domestic needs and are a net exporter of refined products (we refine almost two million barrels a day). As for building additional refineries to create refined products for export, the question changes to: who can operate these refineries profitably in a global market? Challenges in Canada include the high cost of building a refinery, the tight labour market and finding markets for specialized petroleum markets. Oil exported in any form generates wealth and jobs for Canadians. The market will decide what level of domestic refining makes economic sense.



Visit www.capp.ca/publications-and-statistics/context-magazine/tough-question to view the full response by Brian Ahearn of the Canadian Fuels Association.



UPCOMING EVENT:

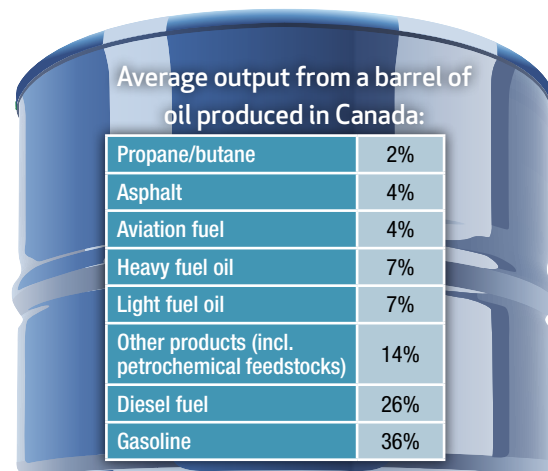
Join us in the evening at Wine-Ohs in Calgary on April 10 for a Canada's Energy Citizen (CEC) social event.

For more details contact Brad.Tennant@capp.ca. Join energycitizens.ca to get notifications of more upcoming CEC events.

Oil and Gas 101: PETROLEUM PRODUCTS

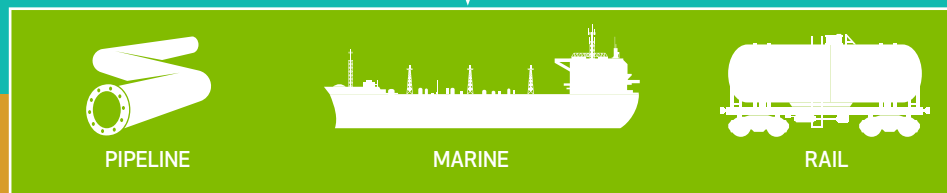
» From Crude Oil to Useful Products: the Petroleum Value Chain

To appreciate the importance of oil to our quality of life, it's key to understand how oil is transformed into a wide array of essential products we use and need in our daily lives.



1 CRUDE OIL PRODUCTION AND TRANSPORT

Canada produces 3.5 million barrels per day of crude oil from conventional, unconventional (e.g. tight and shale oil), oil sands and offshore sources. These are moved via pipeline, tanker and rail to upgraders and refineries here in Canada, and to markets in the United States and overseas.

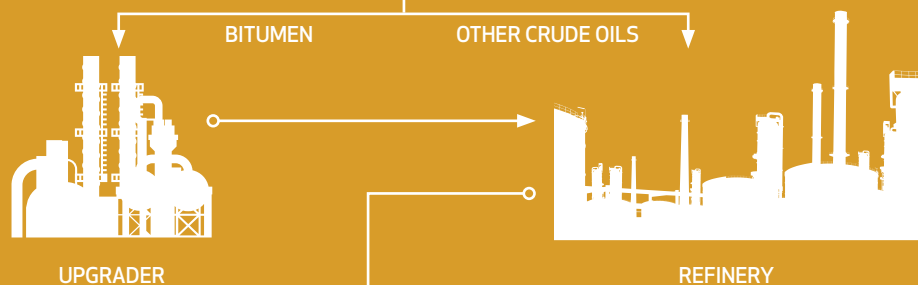


2 REFINING AND UPGRADING

Refineries turn crude oil into usable products like transportation fuels and feedstock for petrochemical plants. Upgraders turn bitumen into synthetic crude oil that can then be processed at a refinery.

DID YOU KNOW?

Canada's 18 refineries produce nearly **307 MILLION LITRES** of refined petroleum products per day.

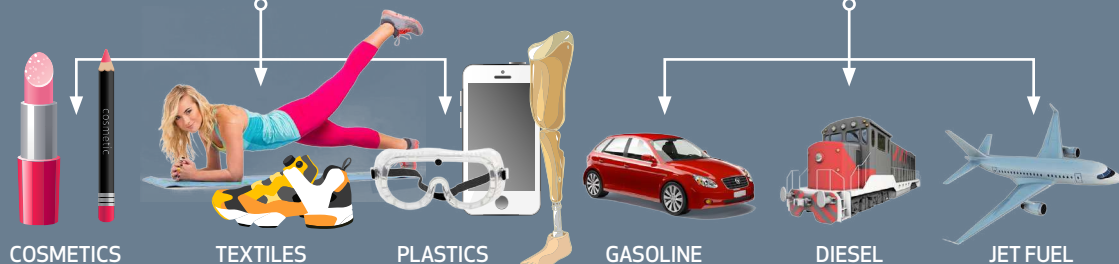


3 FUELS AND PETROCHEMICALS

Transportation fuels are essential to the mobility of people, goods and services; and our quality of life. Some refined products are used directly as transportation fuels, while others are sent to petrochemical plants where they are turned into thousands of essential products we use in our everyday lives.



Learn more about the petroleum value chain with the Canadian Fuels Association at canadianfuels.ca.



This message is brought to you by Calgary Economic Development.

calgary economic
development
be part of the energy™



building on our energy

an Economic Strategy for Calgary

In November, 2014, Calgary City Council unanimously approved an update to the 10-year initiative that will help our city weather the current economic storm and set us up for long term, sustainable success. The Economic Strategy for Calgary is the result of stakeholders emphasizing the need to focus on our strengths – to build on our energy.

Tightly associated with the ebbs and flows of the economy, the Strategy puts forward six energies as our areas of focus: Global, Entrepreneurial and Innovative Energy fall under conventional economic development. Community and People Energy fall under community economic development and Collaborative Energy falls under both. A truly holistic approach.

Most importantly, there is attention given to the need to work better together and collaborate to ensure the implementation of the Strategy is successful.

Global Energy

While Calgary has been in an enviable position, our core sector is currently being tested as commodity prices drop. Working with several key stakeholders including the Canadian Association of Petroleum Producers, Calgary Economic Development leads the vision and implementation of the Global Energy area of focus for the Economic Strategy. Building on Calgary's position as the centre for responsible energy development and leadership is crucial. We'll focus on promoting the social, environmental and innovative advancements in the energy industry and demonstrate support for market access.

We also need to leverage the strength and international reach of the energy industry to grow high potential energy-related sectors through collaboration to enhance the effectiveness of international investment and trade missions. Collaboration with high growth energy-related industries to maximize foreign direct investment and trade opportunities is also key.

Entrepreneurial Energy

Focus is on purposeful diversification through core sector strength and fostering the growth of entrepreneurs and small business.

Innovative Energy

The focus of efforts will be to strengthen the ties and opportunities between the oil and gas sector and the technology sector. This will include opportunities in the supply chain, productivity and positive environmental outcomes. It's also important to understand and enhance the "innovation ecosystem" by enhancing mentoring and spaces to share ideas, strengthen access to business start-up services and ensure there is a pipeline of talent for innovation companies.

People Energy

While investment and job creation is important, it is equally important to ensure all Calgarians have the ability to participate in and benefit from Calgary's economy. This will be driven through support for the Calgary Poverty Reduction Initiative, improving access to labour market information and overcoming barriers to employment for those facing challenges.

Community Energy

Creating a great city that retains and attracts people and businesses can be a challenge in these uncertain times. But having a tight community can be a strong incentive for people to stay. It's about a city that uses land well and moves people and goods efficiently and provides housing options for all groups throughout the city. It's also about giving people access to arts, culture and recreation where it is convenient for them.

Collaborative Energy

Collaborative energy is all about how we tell Calgary's story with a unified approach and how we implement the Economic Strategy. Collaboration is the key word with over 2 dozen agencies and departments playing a lead role in implementing the Economic Strategy and serving on the Leadership and Implementation Team.

Through this thoughtful, purpose-driven plan, Calgary will emerge from this time of uncertainty stronger than ever. According to Steve Allan, Chairman of Calgary Economic Development and Chair of the Economic Strategy Committee, "The world is constantly changing. But with a comprehensive strategy, we can be ready for all the opportunities and challenges ahead."



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS
Canada's Oil and Natural Gas Producers



2015 CAPP SCOTIABANK
INVESTMENT SYMPOSIUM

MARKET PATHWAYS **APRIL 8 & 9, 2015** TORONTO, ON

25TH CAPP
INVESTMENT SYMPOSIUM

PROUD TO PARTNER WITH SCOTIABANK
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M&A Advisory

BAYTEX ENERGY CORP. Advised on the acquisition of Aurora Oil & Gas Ltd.  \$2,800,000,000 Exclusive Financial Advisor June 2014	 Advised on the divestiture of certain Western Canadian oil and gas properties to  \$855,000,000 Exclusive Financial Advisor May 2014	 Advised on the divestiture of certain Western Canadian oil and gas properties US\$374,000,000 Exclusive Financial Advisor April 2014	 Advised on the divestiture of Canadian conventional assets to  \$3,125,000,000 Lead Financial Advisor April 2014	TALISMAN ENERGY Advised on the divestiture of Montney position (ex. Groundbirch) to  \$1,500,000,000 Financial Advisor March 2014
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Capital Markets

BAYTEX ENERGY CORP. Common Shares \$632,494,250 Co-Bookrunner March 2015	 Common Shares \$1,437,501,035 Co-Bookrunner March 2015	 7 and 28 Year Sr Secured Notes \$1,000,000,000 Joint Lead and Bookrunner February 2015	VERESEN Subscription Receipts \$920,368,000 Sole Bookrunner September 2014	 Common Shares \$800,079,000 Co-Bookrunner September 2014
 Westcoast Energy Inc. 10 Year MTN \$350,000,000 Sole Lead and Bookrunner September 2014	 Enbridge Income Fund Subscription Receipts \$336,885,000 Lead Bookrunner September 2014	 IPO of Common Shares \$519,000,010 Co-Bookrunner August 2014	 5 Year Rate Reset Preferred Shares \$500,000,000 Co-Bookrunner May 2014	VERESEN Common Shares \$284,625,000 Co-Bookrunner April 2014

Bank Financing

 Senior Credit Facility \$3,000,000,000 Sole Lead and Admin Agent March 2015	VERESEN Acquisition Credit Facilities \$1,500,000,000 Sole Lead and Admin Agent November 2014	 Senior Credit Facilities \$1,600,000,000 Sole Lead and Admin Agent September 2014	BAYTEX ENERGY CORP. Acquisition Credit Facilities \$2,500,000,000 US\$300,000,000 Sole Lead and Admin Agent June 2014	PEMBINA Senior Credit Facility \$1,500,000,000 Sole Lead and Admin Agent March 2014
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Outstanding insight. Proven results.

At Scotiabank, we provide you with the market intelligence, technical expertise and a full-service product suite to help you gain a competitive advantage. Our sophisticated Energy platform fully integrates equity, debt, corporate lending, commodity trading, cash management and capital markets solutions for energy sector companies in Canada and around the world. Our commitment to client success continues to earn us lead roles in many major energy deals year after year.

gbm.scotiabank.com/energy



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 CANADIAN ASSOCIATION
 OF PETROLEUM PRODUCERS
 Canada's Oil and Natural Gas Producers


**2015 CAPP SCOTIABANK
INVESTMENT SYMPOSIUM**
 MARKET PATHWAYS **APRIL 8 & 9, 2015** TORONTO, ON

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