when gas EXPLODES

A One Sky Report on Royal Dutch Shell’s Proposed Activities in Northern British Columbia, Canada
Prologue

One Sky – The Canadian Institute of Sustainable Living is a non-governmental organization located in northwest British Columbia near the proposed oil and gas fields of the Bowser and Sustut Basins. One Sky has been successfully working in the Niger Delta region of West Africa since 2002 on environmental capacity building with Nigerian non-governmental organizations (NGOs). Our work in the Niger Delta, an area known for its volatility, has been noted by international institutions, the Nigerian government and independent reviewers for successfully building regional coalitions and cooperative working models among NGOs, communities, government and business. Known as a “Type II partnership,” our efforts to develop solutions that include all three sectors of society in an integrated approach have met with considerable success despite Nigeria’s reputation for conflict. Given our experience in the Niger Delta region, our working knowledge of Northern B.C. and our unique understanding of these two contexts, we have produced this report on the potential for resource conflict regarding the acquisition of Shell Canada by Royal Dutch Shell. The report includes recommendations for avoiding resource conflict in a potentially explosive region of Northern B.C.
Brazil of the North

Ten years ago, British Columbia was dubbed the “Brazil of the North” and an international movement to save its temperate rainforests emerged with such force and conviction that it resulted in the largest mass arrests and civil disobedience in Canadian history. Over eight hundred people were arrested, thousands took part in blockades, and valleys both fell and were protected in a “war of the woods”. It left companies and shareholders shaking their heads, First Nations barricading traditional lands, environmentalists hanging in trees and the courts jammed with paperwork. The fight began over the coastal temperate rainforests of Clayoquot Sound, long considered to be the jewels of Canada’s West Coast and quickly spread to include the whole B.C. coastline including the now protected “Great Bear Rainforest.” For the companies it was a nightmare.

Business as usual became business through negotiation. Nobody could have predicted the sophistication of the various players. Trans-border alliances were created, international media summoned via satellite and internet, and focused market campaigns initiated in Europe that left Canadian companies stunned by the global capacity of the “green” movement. The net result, a completely different way of doing business and a latent environmental movement capable and ready to fight.

Delgaamukw

British Columbia, unlike many parts of Canada, never signed treaties with the 27 distinct First Nations that have lived here for millennia. British Columbia is also relatively young with little over a century to have worked out a relationship with First Nations. At first decimated by disease and later devastated by the residential school system, British Columbia’s native population have only recently begun to recover from a federal legal framework that denied them access and
control over traditional lands. But the era of building dams, logging forests and mining minerals without consulting First Nations came to an abrupt legal end in the 1990s with the Supreme Court decision regarding “Delgaamukw.” Located in the far north of British Columbia, adjacent to the oil and gas interests of Royal Dutch Shell, the Gitxsan and Wet’suwet’en First Nations successfully established their legal right to control their lands and resources. No longer under the overt control of government, First Nations now negotiate and do business nation-to-nation with Canada and the Province. The private sector has taken note and few business deals are broached anymore without first consulting British Columbia’s First Nations.
The Tahltan

The Tahltan First Nation occupy a region extending from near the Yukon border and Southeast Alaska, along the Stewart-Cassiar Highway to a community called Iskut. They enjoy friendly relations with the Gitxsan and Wet’suwet’en to the South, the Tlingit in the North and the Kaska and Sekani in the East. The Tahltan, like many First Nations, are also embroiled in internal politics that are influenced by traditional ideologies and modern band political structures. Many of the internal divisions have historical precedent in the forced amalgamation of two distinct populations and dissonance regarding family histories and ties to the land. Added to this are the modern legal interpretations of registered versus non-registered Indian status and related rights. The two communities of Iskut and Telegraph Creek have distinctly different roots. It is a complicated mosaic of relations bound only by one common united theme: an understanding that the area is First Nations land. How this land is governed has given rise to various interests including the Tahltan Nation Development Corporation along with the Tahltan Central Council, Iskut and Tahltan Band Councils and the Iskut elders group Klabona Keepers. Two distinctly different interpretations exist regarding how to manage the rich resources of
the region including the oil and gas reserves that lie under the soil. The Tahltan Nation Development Corporation has profited from mining, road construction and development and is closely linked with the bands formal legal structures. In the case of the Klabona Keepers, a group of indigenous elders and community members have found themselves erecting blockades, declaring moratoriums on resource use, protesting and standing up for their rights and title during conflicts over an area called the Sacred Headwaters. The two perspectives are very sharply divided and have left the community feeling the hot edge of resource conflict. It is into this volatile situation that Royal Dutch Shell proposes to venture.
Royal Dutch Shell and the Niger Delta

On April 4, 2007 Royal Dutch Shell acquired all remaining shares of Shell Canada that it did not already own. Royal Dutch Shell is the world’s second largest oil company by revenue and one of the most powerful corporations on the planet. It is based out of the Hague and London and has had a long and turbid history in the oil rich Niger Delta of Nigeria in West Africa. The Niger Delta shares notoriety with “high intensity conflict” zones such as Chechnya and Afghanistan for enduring more than 1000 deaths a year. It is a particularly dangerous place for foreign oil workers who are despised among Nigeria’s growing indigenous opposition movement, which is opposed to foreign companies and oil extraction. Oil pipelines, which crisscross the region, are regularly sabotaged resulting in spills and environmental degradation that has left the delta swimming in toxic sludge and a devastated environment.

In 2006, 72 foreigners and 56 Nigerians were reportedly kidnapped. An all time record was set in October last year when 25 Royal Dutch Shell expatriate workers were kidnapped in one incident. Just three months into this year, according to a report by Ulrike Kolterman, already 57 foreigners and 10 Nigerians have been held by kidnappers. Because Royal Dutch Shell has been working in the region for almost 60 years it has become an international symbol of corporate irresponsibility despite numerous attempts to clean up its image and work with communities. After supplying the
Nigerian government with weapons and crushing the Ogoni people’s opposition to oil extraction in the 1990s, it has had a difficult time improving its image despite an apparent commitment to new rules of corporate engagement and an advertised agenda of sustainable development. The execution of Ken Saro-Wiwa, an environmental activist and advocate for the Ogoni people has lingered in our global consciousness for more than a decade. In his final statement at the trial Saro-Wiwa predicted that Shell’s day would come.

“I and my colleagues are not the only ones on trial. Shell is here on trial... The company has, indeed, ducked this particular trial, but its day will surely come... for there is no doubt in my mind that the ecological war that the company has waged in the Delta will be called into question sooner than later, and the crimes of that war will be duly punished. The crime of the company’s dirty war against the Ogoni people will also be punished.”

This year Royal Dutch Shell has been particularly hard hit with the intentional sabotage of pipelines and forced production closures. Half of Royal Dutch Shell’s Nigerian operations have been shut down and Nigeria has lost almost 980,000 barrels per day of production representing almost a third of its production capacity. A recent closure this month by villagers along the Ogoni pipeline has forced the company to declare a “force majeur” and renege on its export quota. A single Royal Dutch Shell oil spill in March of this year was reported to have dumped over a thousand barrels of oil into the sensitive mangrove swamps and wetlands of Rivers State. Up to 1.5 million tonnes of oil have been spilled in the Niger Delta over the past fifty years through similar spills. This is an amount equivalent to spilling an Exxon Valdez into the fragile mangrove ecology every year for fifty years according to a report released in October 2006 by the World Wildlife Federation, the Nigerian Conservation Foundation and the World Conservation Union. It has the sad title of one of the five most polluted places on the planet and the key corporate player in the region has been Royal Dutch Shell. While some of these spills are a result of corroded pipelines and old equipment, a considerable number of spills are caused by the communities themselves in an attempt to extract compensation from the oil giants. In previous years the company could rely on a pervasively corrupt government to crack down on insurgents or uncooperative chiefs. However the recent rise of the armed MEND movement along with
growing discontent regarding living conditions has left the company vulnerable and exposed on almost every flank with little government ability to protect them. Even traditional chief structures are unable to control the rising “youth” movement and an ever-increasing attitude of militancy. The Niger Delta is literally a war zone that regularly influences the price of oil as New York traders ponder how much worse it could get. As the seventh largest producer of oil in the world and the fifth largest supplier to the United States, the stability of this region is a critical concern to international energy security.

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To paddle down the Stikine River is considered one of the greatest outdoor adventures Canada can offer and nothing could seem further from the turmoil half a globe away. It is a land of crystal waters, tumultuous mountains broken by glaciers and ribbons of rainforest that rise up from the Alaskan coast to the interior drylands of BC. The rivers run with salmon and grizzly bears wander in a region unbroken by roads or development. Stone sheep nimbly venture in a precarious mountain landscape that has so far defied roads and modern infrastructure.

It is truly unique and has been dubbed the Serengeti of the North for its abundant caribou herds, packs of wolves and untouched ecosystems. Three great rivers are born in this region. The Stikine, the Nass and the Skeena form the Sacred Headwaters, which have special meaning to the Tahltan as a spiritual gathering place. In their view it is a region isolated enough from human development to warrant special protection. But this region, sacred to the elders, is also where the corporate plans of Royal Dutch Shell and the hopes of the British Columbian government call for over 1400 wellheads. According to the government the region has the potential to extract 17.8 trillion cubic feet and 17.7 billion...
barrels of petroleum products. The plans will include exploration, road construction, land development and inevitable community conflict. Like the Ogoni people in Nigeria, there are divided interests in oil and gas development and just like the Ogoni people they are also vulnerable to these divisions and vested interests.

Royal Dutch Shell’s incursion into Tåhltan territory threatens to spark an explosive mix of gas, oil, traditional values, economic interests and ethnic divisions. To date there have been no incidents of resource-related violence among the Tåhltan; all protests have been peaceful, marked by cooperative and empathetic relations with the Royal Canadian Mounted Police. Unlike in Nigeria, overt violence seems unlikely and there is a strong local desire to keep it that way. However, social conflict takes many forms and often results when tensions are played out between divided social structures. Increased incidents of suicide, inter-generational problems, social dysfunction and family feuding are all indicators of a strained social fabric. When companies work with only one component of a complex social dynamic they run the risk, as occurs in Nigeria, of exacerbating these social divisions. Worse still is when they do so intentionally, as they have in Nigeria. How will Royal Dutch Shell handle northern B.C.? Will it become a Nigeria of the North?

The Global Appetite for Energy

Of the earth’s estimated 1800 billion barrels of oil we have managed to consume more than half to date. The concept of “peak oil” has gained credence as oil prices rise and our appetite for fossil fuels has outstripped our ability to produce it. The concept that oil is actually running out, combined with limits to refinery capacity, our global ability to produce and transport oil fast enough, along with ever increasing demand, is what lies behind the rising price of fuel. The slightest marginal supply side fluctuations can send reverberations through oil markets as unrest in Nigeria demonstrates. Our global appetite for fossil fuels is
growing quickly as China and India rapidly catch up with the North American and European thirst to drink black gold. Saudi Arabia, an oil giant in terms of supply, is pumping as fast as it can.

Almost two thirds of the world’s conventional oil lies under the Persian Gulf where notably the world’s largest consumer of fossil fuels, the United States, is engaged in a drawn out war. But casualties have taken their toll on the American psyche and their zeal for war has withered in all but President Bush’s mind. With the democrats pushing for a troop withdrawal in the spring of 2008 from Iraq, the stability of the world’s greatest supply of conventional oil remains in doubt. Increasingly we are looking to non-conventional supplies as the low-bearing fruit of the days of “light sweet crude” dwindle. This, coupled with the recent nationalization of Venezuela’s oil under the populist presidency of Hugo Chavez, including the seizure of two oil fields in April, has left the United States looking North for a stable supply of energy. They have not had to look too far. With the maturing of oil extraction from Alberta’s tar sands the province is now sitting on the second largest source of “extra heavy crude” oil in the world and is a strategic source of energy security for the USA. The extra heavy crude found in Alberta and South America requires enormous amounts of both water and natural gas to extract, but as we run out of the high quality fossil fuels we are turning more and more to these non-conventional sources. Already Canada supplies more oil and gas to the United States than any other country; almost 2 million barrels a day. Alberta is in an oil boom and it has not gone unnoticed by British Columbia, which is keen for a share in the profits. The rest of the country is busy worrying about emissions.
The one daunting undeniable factor that lurks over the ups and downs of oil markets is an increasing awareness that global climate change is real. The astronomical rise in Canadian public concern regarding environmental issues over the last year probably has more to do with us noticing the unusual weather than suddenly believing the environmental sector's warnings of doom. The net effect, however, is the same. Canadians are worried about climate change and as hurricanes and droughts increase in the United States, this underlying unease is sure to invade our neighbours to the South as pervasively as we feel it in the North. Ironically, while we worry about a changing climate we have, per capita, the largest energy footprint on the planet. But personal responsibility has never stopped anyone from opposing what they deem to be transnational evils or large faceless corporations. Indeed, the lessons of the “war in the woods” is that corporations will bear the burden of blame for our collective use of toilet paper, paper products and wood fibre. It matters not in the public eye if consumption is what drives oil production. The point is that the climate is changing and we are all in the mood to reverse climate change. The trend is that we must stop someone, somewhere from causing all this harm and woe to the company or government that spearheads business as usual. The recent attempt by the Harper government to appear more forward thinking and proactive regarding climate change is a living example of this realization.

Ironically, United Nations Commission on Sustainable Development recently failed, for the first time, to come to a consensus as the world became split between those that promote business as usual in the energy sector and those that favour conservation or renewable energy and efficiency. It has become a pivotal moment on the global stage and the failure comes only weeks after the International Panel on Climate Change released its latest report warning us about the expected impact of doing nothing. Doing nothing is not what the public wants to hear. Combine this collective angst about fossil fuels and climate change with a corporation that is poised on the brink of spoiling a sacred wilderness area and you have some of the most essential ingredients for public protest.
The Shell Report

Just how bad can this corporation be? Will Royal Dutch Shell’s involvement in BC result in the kind of negative social and environmental impacts seen in Nigeria?

In 2003 Shell commissioned a series of consultations resulting in a 93-page report on their corporate practices in the Niger Delta called “Peace and Security in the Niger Delta”. The essential problem is that aside from a direct job or individual land loss, the only other way a Nigerian who is mired in abject poverty can extract money from oil is through compensation for oil spill damage or benefiting from a “development project”. So oil becomes in the words of a local chief, “not a blessing but a curse” as communities are divided over boundary disputes, individual vs collective ownership and traditional vs legal governance structures. Although Royal Dutch Shell disputes the conclusions of the report they illuminate what could happen in British Columbia, which faces many of the same community issues. Among other concerns the report claims:

“It is clear that SCIN (Shell Companies in Nigeria) is part of Niger Delta conflict dynamics and that its social license to operate is fast eroding. Whereas some groups argue that SCIN consciously fuels conflict as part of a “corporate conspiracy”, the SCIN-conflict links result rather from a quick-fix, reactive and divisive approach to community engagement expressed through different areas of policy, practice and corporate culture.”

The report outlines cases of oil bunkering, deliberate sabotage by contractors for compensation money and the deliberate sabotage of oil pipelines by communities seeking compensation. It paints Shell’s corporate practices regarding conflict management as ruefully inadequate.

“Community respondents mention the following examples of behaviour that affect community perceptions of the company:

» access to, or interaction with, SCIN staff (“We never see a CLO or only when there is a problem”);

» high expectations with regard to employment don’t materialise;

» the degree in which community projects are
finished, appropriate and sustainable;

» staff integrity. The community has no mechanism or procedure to hold company staff accountable for unethical actions;

» interference with intra-community relations to achieve company objectives (“divide-and-rule”);

» the use of a security cover;

» the degree to which SCIN accepts, or not, court decisions that rule against the company;

» responses (or lack of responses) to letters sent from the community to the company; and

» communication about companies’ intentions or plans and how these affect communities.”

For more than fifty years Royal Dutch Shell has managed to buy its way out of these sorts of problems. Only recently has that become more difficult. The report claims:

“There is no evidence that spending more money will lead to less conflict in the Niger Delta. If anything, there is ample evidence to suggest that providing more money to communities may even exacerbate conflict. Most causes of company-community conflicts can be addressed not by doing more things, but by doing things differently.”

Of particular interest is a reference to the multi-scale nature of conflicts. Local context, it seems, can have broader repercussions:

“Micro-level conflicts are part of a complex conflict system that is issue-based, ethnic, and geographic in nature – and often span local and state boundaries. It is rare to find a ‘self-contained’ micro-level conflict that does not have implications for other communities beyond its locality.”
The Local Context

There are several local factors that Royal Dutch Shell clearly does not understand about the regional BC context. This region of British Columbia is intensely proud and independent and prone to wild political mood swings. This Northern population may vote right wing Conservative and then swing to the left with the NDP in a short pencil stroke. Because it has a small population neighbors are forced to know their neighbors and it is not unusual for a rancher to get along with a hippie who marries a logger. First Nations make up a significant percentage of the population. There is a shared concern and love for the “North” and there is a great deal of respect for the land despite a myriad of ways to express it. In a recent bid to develop coal bed methane in the Bulkley Valley the British Columbia government got a strong taste of Northern solidarity when it becomes galvanized. Ranchers and fishermen, environmentalists and First Nations, homeowners and rural dwellers all united in a surprising show of opposition to coalbed methane extraction. The issue boiled down to groundwater and a keen desire to maintain local “quality of life”. When six hundred people show up to protest in a very small town the phenomena cannot be blamed on “radicals” or “extremists” unless we acknowledge that Northern B.C. is full of extreme thinkers.
There is a well organized, well educated, savvy collection of individuals who have emerged from other resources conflicts to call this place home. Indeed, one might even think of this region as a “hotbed” of social change agents that are best left undisturbed. Just as the report concluded in Nigeria, it is rare to find a self contained “micro-conflict”. Royal Dutch Shell might consider the North of British Columbia to be a hornet’s nest that must be approached with caution.

When Gas Explodes

Some social conflicts escalate from very small events as a result of timing, underlying rumblings of discontent and the right conditions. There is no doubt whatsoever that what looks like a small, localized and containable issue in a backwater of British Columbia could escalate into an explosion of social discontent over energy policy. All of the conditions are currently ripe and the size of the explosion depends on how carefully we handle the matches. A single strike in the wrong place could ignite changes that are felt around the world. What if the plight of the Ogoni people is linked to the plight of the Tahltan? What if First Nations come to understand what is happening in the Niger Delta? What if they read Shell’s own internal reports? What if the actions of Venezuela are brought to the attention of British Columbia and the fairness of royalty structures are questioned? What if the United States perks up its ears regarding the stability of energy supplies in the North? What if the environmental movement understands how vulnerable the oil industry is when it operates in isolated places? What if the impact of global warming and fossil fuel consumption could be symbolized by the destruction of “sacred headwaters” not in some far off country but close enough to California that the United States would care? If the logging industry could be brought to its knees what makes the oil industry an exception? Simply put this region is not Alberta.

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Recommendations

Is oil and gas extraction bad? Should Royal Dutch Shell simply go away? As long as we are all driving cars and flying on airplanes these questions are irrelevant. The real pertinent questions revolve around how to do business and when to do business and who should be involved in decision-making.

Royal Dutch Shell

In our opinion Royal Dutch Shell would be wise to review its history in Nigeria and ask the simple question “do we want to go down the same path?” Shall we aggressively divide communities, shoot from the hip and move quickly or should we learn from our mistakes (and clearly mistakes were made), slow things down, involve stakeholders and respect local resource concerns. If Royal Dutch Shell chose this wiser course it would slow down, not announce any new roads or wells, take more time and plan, consult and develop consensus. It would think in terms of “many, many years” not in the timeline of the next shareholder meeting. The most difficult and time consuming component, in the short term, is developing consensus. As Nigeria has surely proven, community divisions take up more time and resources in the long term. This should be obvious looking back on more than half a century of history in the Niger Delta.

The B.C. Government

Despite jumping at the bit to get in on the gas game, the Liberal government of B.C. would be wise to realize that we are into a mining and natural resource “super cycle” that is not about to go away. There is no rush to develop non-renewable resources in the face of dramatic growth in India and China as these resources only become more and more valuable over time. Saudi Arabia, which has managed to control the price of oil by changing rates of production is now pumping as fast as it can. The days of cheap oil are over and time is definitely on our side. Good governance is something we have the time to develop properly. Divided communities and civil unrest is something that our province can ill afford as we approach the 2010 Olympics and flaunt our supernatural attributes. Again,
slowing things down, building resource decisions through consensus and consultation and not jumping the gun makes good political sense.

First Nations

If there is one thing that First Nations in B.C. would be wise to do it would be to look beyond perceptions of our borders. There are lessons to be learned about “dividing and conquering” from the Ogoni people in Nigeria and the campesinos of Venezuela. Why not look at these contexts, study them and not allow history to repeat itself? The recent U.N. Millennium Assessment report vividly points out in chapter five the problem of thinking and acting between multiple scaled problems. Critical problems like global climate change cannot be solved at sub-international scales and yet neither can we impose global constraints on local populations. It simply does not work. The mantra of “thinking globally and acting locally” is no longer valid in an era of globalized problems. Unfortunately we are challenged to think of ourselves in terms that go beyond our traditional borders and essentially to “think and act both globally and locally”. The one consistent lesson learned in all of our work in One Sky is that we literally “all live under one sky” and we must not be divided. To do this with integrity we must work to see our common agendas. It is not easy work but there are inspiring stories in far away places that can help us to see how it can be done.

Environmental Groups

Can environmental groups remain just “environmental” groups? In working overseas, the compelling challenges of poverty and social justice force groups out of sectoral thinking and to see the bigger picture. Nigeria, for example is home to 140 million people who are crammed into an ecosystem that they cannot simply leave. In Canada, the conservation movement has grown accustomed to “protecting” landscapes and setting aside areas that should be left alone. It has found sympathetic alliances among First Nations with traditional values. But the global demand for fossil fuels and raw commodities is increasingly making this approach difficult. Again the problem of multiple scales challenges us. It is simple enough to do battle with Royal Dutch Shell and try to keep “them” away
from “here.” But in an era of global environmental problems this simply displaces the impacts to another part of the globe where Royal Dutch Shell will surely do business. Currently Royal Dutch Shell flares off into the atmosphere 1 billion cubic meters of gas every day out of the Niger Delta. To put that into perspective total natural gas production in B.C. is 2.7 billion cubic metres. Think of more than a third of all of the natural gas we produce being burned and wasted every day and one gets a feel for the scale of the environmental disaster that is taking place across the globe. It matters not an iota to the atmosphere where we burn gas. Perhaps the arrival of Royal Dutch Shell is a chance to help Royal Dutch Shell evolve? To assist a company in changing its ways and getting with the program? It is after all, the year 2007.

Conclusion

Royal Dutch Shell is coming to British Columbia. How they arrive is largely up to them but how long they stay and how comfortable they will be is up to the First Nations, the government of B.C. and the local communities of the North. The company has been locked into a destructive pattern of violence in the Niger Delta that has the potential to influence how they do business in B.C. Avoiding a Nigeria of the North and the conflict that is sure to come is largely a matter of slowing things down, carefully consulting with communities in an honest and open manner and tackling some of the most pressing issues of our time including climate change and energy consumption. No small task and yet no better place to start.