

Market Watch

S&P/TSX 16,149.79 +137.26	S&P 500 2,888.68 +41.08	DOW 25,886.01 + 306.62	NASDAQ 7,895.99 +129.38	DOLLAR 75.27¢US +0.22¢	OIL per barrel US\$54.81 +\$0.36	GOLD US\$1,523.60 -\$7.60
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Oilsands firms considering diluent recovery units to boost crude-by-rail volumes

DAN HEALING
The Canadian Press

CALGARY
Ongoing pipeline project delays and growth in crude-by-rail capacity from Western Canada are leading some oilsands producers to consider spending billions of dollars to build diluent recovery units.

Oilsands bitumen is a thick, sticky oil which must be diluted with about half as much light petroleum to flow in a pipeline, but diluent isn't needed for rail transport because the product can be heated for loading and unloading.

Building diluent recovery units at Alberta rail-loading terminals would allow about one-third more room for bitumen in the railcar to improve the efficiency and profitability of using rail to supply refineries in the southern U.S., said Eight Capital analyst Phil Skolnick in a report published Friday.

"DRUs in some cases can provide attractive returns, but more importantly, they can also improve the landscape of crude-by-rail and egress (to the tune of about 190,000 barrels per day of incremental bitumen if all 600,000 bpd of crude-by-rail capacity used a DRU)," he said.

"However, reduced costs and maximum diluent recycling are key to making this effort work. These current hurdles are likely reasons companies aren't in a rush to build them yet."

Shipping more bitumen by rail would free up space on export oil pipelines, he added, helping to relieve a glut of trapped oil in Alberta that led to the province imposing production curtailments this year after price discounts soared last fall.

Shipping undiluted or "neat" bitu-



CP FILE PHOTO
Ongoing pipeline project delays and growth in crude-by-rail capacity from Western Canada are leading some oilsands producers to consider spending billions of dollars to build diluent recovery units.

men would also improve safety because, unlike the diluted product, it's not considered very flammable, Skolnick pointed out.

Cenovus Energy Inc. is investigating building a recovery unit at its rail terminal near Edmonton which would cost between \$800 million and \$1 billion, CEO Alex Pourbaix told The Canadian Press in a recent interview.

It would be capable of processing up to 180,000 barrels per day of diluted bitumen, recovering about 60,000 barrels per day of diluent to be returned to Cenovus's northern Alberta oilsands projects for re-use, he said.

"Right now, about one-third by volume of every tank car of oil we send is taken up by diluent and that diluent actually has a cost to us, it has no value. If we could ... move pure bitumen, it effectively reduces our freight costs by over a third, so it makes rail movement of oil much more economic," he said.

"On top of that, the straight bitumen generally is a much more attrac-

tive feedstock for our refining customers at the other end of the line. We believe there may even be a premium value associated to stripping the diluent out."

An investment decision is likely several months away and will depend on how proposed pipeline project timelines advance, said Pourbaix. Cenovus has promised an update on the proposal at its October investor day.

Rival oilsands producer Imperial Oil Ltd. considered building a diluent recovery unit in the Edmonton area in 2015 but decided against it based on its high construction cost and market uncertainties, said CEO Rich Kruger on a recent conference call.

"We look at some of those key assumptions," he said. "I would never say never. But right now it's not a front-burner opportunity for us."

Oilsands producer MEG Energy Corp. is also looking at recovering diluent but hasn't committed to an investment, CEO Derek Evans said on a recent conference call.

Canopy Growth executives compensation surges following cannabis legalization

The Canadian Press

Canopy Growth Corp.'s top six executives saw their total compensation surge to a combined \$28.5 million payout last year, a period that included the first months since cannabis was legalized in October.

Nearly 90 per cent of the payout to the six top officials was in the form of option-based awards, the Smiths Falls, Ont., company said Friday in a regulatory filing ahead of its annual meeting on Sept. 17.

The executives received a combined \$11.3 million in fiscal 2018 and \$4 million a year earlier.

Bruce Linton, who was ousted as co-CEO earlier this year, received \$9.33 million in the fiscal year ended March 31, up from \$2.52 million a year earlier. It included \$8.56 million in option-based awards, a \$450,000 bonus, \$318,000 salary and \$3,568 in other compensation.

He also received a \$1.5-million payout after being terminated without cause as of July 2. All of Linton's unvested options immediately vested upon his termination and remain exercisable until their original expiry date, said the filing.

Linton was fired in the wake of a

statement from shareholder Constellation Brands Inc., which invested \$5 billion last November, that it was "not pleased" with Canopy's year-end results.

Constellation owns a 35.55 per cent stake in Canopy and has the right to nominate four directors to Canopy's board.

CEO Mark Zekulin, who was previously president and co-CEO, received \$5.96 million in compensation last year, including \$5.2 million in options, a \$500,000 salary and a \$250,000 bonus. That was up from almost \$2.5 million in fiscal 2018.

Canadian airlines taking different tacks with grounded 737 Max aircraft

The Canadian Press

MONTREAL

Canada's two biggest airlines are taking different tacks to stow their Boeing 737 Max 8s as the aircraft's drawn-out grounding continues to cause turbulence in the flight industry.

Air Canada is looking at sending its two-dozen Max 8s to the desert, where the hot, dry conditions keep corrosion by rain, snow, sleet and ice at bay.

"Given the uncertainty about the timing of regulatory approvals for the return to service of the Boeing 737 Max, we continue to update our plans, including caring for the 737 Max aircraft in our fleet. One option being considered is relocating aircraft to the desert," said Air Canada spokeswoman Angela Mah, citing the optimal climate.

Most North American desert storage locations sit in the southern U.S., such as California's Mojave Desert, where Southwest Airlines Co. has parked its 34 Maxes for the time being.

WestJet Airlines Ltd. has no plans to move its 13 Max 8s south of the border. The planes — which it has scrubbed from its schedule until November, shrinking total seat capacity by about 10 per cent — are sitting in its Canadian hangars, where they receive regular maintenance checks and have their engines run once a week, a spokesperson said.

The contingency arrangements add another wrinkle to the plans of airlines blown off course by the Max 8 grounding, prompted after two crashes in October and March that killed 346 people, including 18 Canadians.

Air Canada CEO Calin Rovinescu said last month it will feel the grounding "acutely" this summer, as its passenger capacity declines and costs for less fuel-efficient replacement planes mount. The 24 Max 8s comprise about 20 per cent of Air Canada's narrow-body fleet and would typically carry about 11,000 passengers per day.

WestJet chief executive Ed Sims told The Canadian Press in a recent interview the loss of the short-to-medium-range jetliner has had a "substantial negative impact" on the airline, forcing it to cut certain routes and ramp up fuel spending.

Sunwing Airlines Inc., which has four Max 8s, said the grounding has affected some 3,000 flights over the summer and forced the airline to contract third-party carriers. Max 8s will be absent from its rotation until at least mid-May 2020, a spokesperson said Friday.

OSC approves management cease trade order at CannTrust Holdings

The Canadian Press

VAUGHAN, Ont.

CannTrust Holdings Inc. says the Ontario Securities Commission has approved a management cease trade order as the cannabis producer works to deal with its regulatory problems with Health Canada.

The order by the securities regulator prohibits the directors and executive officers of the company from trading in CannTrust securities until two full business days after it makes all of its required filings.

The company sought the order earlier this month in anticipation of missing an Aug. 14 deadline to file an interim financial report for the three and six month periods ended June 30.

CannTrust says the filings will depend, in large measure, upon the timing and impact of Health Canada's decisions regarding the company's non-compliance with regulatory requirements.

"Although the special committee is directing the company to work closely with Health Canada to remediate the root causes of any non-compliance identified by Health Canada, to date the company has not had any substantive discussions with Health Canada concerning remediation matters," CannTrust said in a statement.

The problems at CannTrust began after it revealed that Health Canada had found problems at the company's greenhouse in Pelham, Ont., and were compounded later by issues raised by the regulator at its manufacturing facility in Vaughan, Ont.

The scandal has resulted in the ousting of the company's chief executive and the chairman of its board of directors.

The company's auditor has also withdrawn its endorsement CannTrust's 2018 financial statements.

CannTrust said it is working with the regulator to prepare a remediation plan for submission, but it is unable to provide any guidance as to when the problems will be resolved.

The regulator has placed a hold on inventory including approximately 5,200 kg of dried cannabis that was harvested in the previously unlicensed rooms in Pelham, until it deems that the Company is compliant with regulations.

PUBLIC NOTICES

8AM - 4PM SPECIAL SERVICES

Electric Outages.....	403.529.8260
Gas Emergency.....	403.529.8191
Water & Sewer Emergency.....	403.502.8042
After Hours Special Services.....	403.526.2828



Medicine Hat
The Gas City

POSITIONS AVAILABLE

You can make a difference in our City. . .

The City of Medicine Hat invites you to apply to serve on the following Boards/Committees:

Transit Advisory Committee.

The primary purpose of the Transit Advisory Committee, which is a sub-committee of the Social Development Advisory Board, is to advise the Public Services Committee and City Council on issues related to public transportation. We are currently seeking volunteers for the 'members at large' representatives to attend monthly meetings at City Hall. Citizens interested in serving on the Committee are required to submit a letter of interest to the Manager of Transit Services by 4:30 pm August 31, 2019.

Letters of interest are to be sent to mhtransit@medicinehat.ca or Medicine Hat Transit Office, 460 Spencer Street SE, Medicine Hat, T1A 1Y7. More information on the Transit Advisory Committee can be found online in the Terms of Reference.

For more information, please contact the Transit Office at 403-529-8214.

DEVELOPMENT PERMITS APPROVED AUGUST 8 TO AUGUST 14, 2019 PLANNING & DEVELOPMENT SERVICES

HOME OCCUPATION

830 5 STREET SE (Lot 33, Block 29, Plan 1491) DP15116. Office Use With Storage on Site. Service (Mobile Tire and Lube).



A person claiming to be affected by a decision of the Development Officer or the Municipal Planning Commission may appeal to the Medicine Hat Subdivision and Development Appeal Board by completing and submitting to the City Clerk Department, the required Notice of Appeal form within twenty one (21) days of this publication. Notice of Appeal forms are available from the City Clerk Department, Third Floor, City Hall or on the City's website at www.medicinehat.ca.

All Development Permits listed are subject to conditions. Further information on any Development Permit may be obtained from the Planning & Development Services Department, Second Floor, City Hall during normal business hours (Telephone 403.529.8374).

WATER MAIN FLUSHING & FIRE HYDRANT INSPECTIONS

Environmental Utilities performs regular, routine maintenance to uphold the water quality and system infrastructure by annually flushing water mains and inspecting fire hydrants.

During these operations, there may be some discoloration in the water which is not harmful to consume and will disappear when flushing is complete. Please note that discoloured water should not be used for laundry and that fluctuating water pressure may also be noticed.

Should discoloration persist beyond three hours, turn on your cold water tap or an outside sprinkler and let the water run for several minutes until the water runs clear.

For additional information or to confirm whether crews are working in your zone, refer to the Water Flushing Programs page on the City's website at www.medicinehat.ca/eu or contact Environmental Utilities at 403.529.8176.