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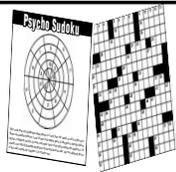
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hot topic

Burning Waters

UVic partner's environmental record questioned

By ANDREW MacLEOD

When Jessica Ernst fills a glass from the water tap in her home in Rosebud, Alberta, it's about 100 times more fizzy than gingerale, she says. The bubbling is so loud, you can hear it from across the room. White smoke rises from the liquid. And, oh yes, you can light the water on fire.

The problems with the well water started, she says, after the EnCana Corporation started drilling for natural gas near her home, about an hour's drive northeast of Calgary.

"This is a dramatic change," says Ernst, who is an environmental consultant working with a number of oil and gas companies. Most of the wells in the area are contaminated, she says, and she is one of nine people, including children, who have chemical burns that she thinks are likely from the water.

Ernst doesn't have proof EnCana caused the damage, she says, but she suspects it did. Ernst invited Gwyn Morgan, who recently left his position as chair and CEO of EnCana, to come to Rosebud, she says. He never responded.

EnCana's been busy, though. In recent weeks the University of Victoria's business and law schools announced a new partnership with EnCana, to create a chair for aboriginal economic development. Funding came from Industry Canada, the provincial government, and EnCana, which will be piping in \$1 million.

That's not the only UVic connection, though. Morgan was honoured with an entrepreneurship award by the University this May. According to the University's announcement, the award was for "an inspirational entrepreneur who has had a significant and positive impact on the global community through his or her business leadership." It quotes UVic's dean of business, Ali Dastmalchian, saying Morgan "embraces the values of honesty and transparency that are fundamental to a successful business venture."

And as for EnCana, Dastmalchian says in an interview, "We're convinced it's a positive, engaged and socially responsible organization."

But that's not what everyone thinks.

In his work with the Dogwood Initiative, lawyer Will Horter has done dozens of workshops with first nations across the north. Asked about EnCana funding a chair on aboriginal economic development, he says, "I find that highly ironic." When he talks with communities about which companies are active on their traditional territory, and who they'd like to get more from in return for that access, EnCana is often at the top of the list, he says, and is always in the top three.

"EnCana is not liked in the communities they operate in," Horter says. The company can talk a progressive line, but that doesn't mean it's doing a good job. "There's lots of propaganda floating around. It just shows the University is disconnected from what's happening on the ground in indigenous communities and rural communities."

The University, and particularly the business school, have made significant efforts to be seen as a positive force in society. In a letter to this magazine last summer, the associate director of MBA programs, Pat Elemans, argues that "we are one of the few business schools anywhere that teaches our students that the bottom line is more than financial, and that they must also consider the environmental and social impacts of their business decisions."

It's not like further criticism of EnCana is hard to find. Author Andrew Nikiforuk recently made a list of former CEO Morgan's sins in a *Canadian Business* magazine article. Morgan had been turned down as "unsuitable" for a position

on the federal government's public appointments commission. The MPs who rejected Morgan cited his unflattering comments about Jamaicans, but Nikiforuk points out there are a number of other reasons that should have been equally off-putting for the committee.

There was the case of Wiebo Ludwig, a northern Alberta farmer whose battles with Morgan's Alberta Energy Company, one of two companies merged to form EnCana, which Nikiforuk documented in the book *Saboteurs*. According to the *Canadian Business* article, "Morgan helped set up a police sting that involved another bombing of a well facility that terrified the local community even further."

Morgan's activities in Ecuador have also drawn heavy criticism, including in the movie *Between Midnight and the Rooster's Crow*. According to one film review website, filmmaker Nadja Drost followed EnCana's pipeline route across that country, interviewing people it has affected. Despite the Ecuadorian government giving the company an environmental award, Drost meets people who describe being forced to relocate and intimidated, by officials protecting the pipeline. The film documents many problems. "Occasionally dredging up a lump of foul-smelling crude on the end of a stick, the filmmaker here becomes, literally, a muck-raking journalist," says the review.

In 2004, the state of Colorado fined EnCana \$371,200 for contaminating a creek, the highest fine ever applied to an oil and gas company in the state. In late 2005, EnCana ran afoul of the Canadian military with plans to build some 1,275 gas wells in the Suffield National Wildlife Area in southern Alberta.

Morgan now lives in North Saanich, but was unable to be reached by *Monday's* deadline. A contact with National Public Relations, which does communications for EnCana, said she couldn't arrange an interview, since Morgan doesn't work for the company anymore. She suggested contacting him through UVic, but media relations people there couldn't make the connection either.

However, Gerry Protti, EnCana's vice-president of corporate relations, defends the company's record. The company drills some 5,000 wells a year and operates around 45,000 of them.

"We can demonstrate that we've never impacted an aquifer in our drilling," says Protti.

Asked about Jessica Ernst's burning water, he says, "That's actually fairly common." It's a natural phenomenon in an area where there's so much natural gas, he says, adding that such water is safe to drink.

When I mention Ecuador, he says, "We're not there anymore." EnCana sold its Ecuador interests to a group of Chinese oil companies earlier this year. "There was one individual who has done a movie that felt our development negatively impacted the environment and individuals in Ecuador... We're very proud of our record in Ecuador."

People who were moved for the pipeline were properly compensated, he says. "That's what you have to do to move the product to export points and move it to market."

Similarly, he dismisses Nikiforuk's criticism, saying the author has an "agenda" and "he's very allied with individuals who put forward claims that may or may not be accurate but are opposed to energy development."

Sure, Protti says, the company isn't perfect. "There are impacts any time you disturb the earth," he says. "The company's activities are activities that have impacts. There's no question of that at all." Still, it does what it can to minimize those impacts, and follows its own code of corporate social responsibility.

For Ernst, whose water is still turned off because of the danger that it will cause an explosion, the company's code isn't worth much, and she questions why an organization like UVic would want to work with EnCana. The company puts millions of dollars into public relations, she adds, instead of easing tensions with people like her.

"I'm trying to get EnCana to behave the way it says it behaves," she says. "My successes are few and far between." M



COLIN SMITH

Jessica Ernst wonders why her water is flammable (left)

