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A Happy New Year to all. I thought I would begin this year with some comments on the challenge of the Business Associations as they relate to various jurisdictions. The Oil and Gas Industry has seen a banner year in 2003 with a balanced strength in the commodity prices. With accelerated growth we are always concerned about the underlying fundamental problems, which may be masked by a strong price climate. This is a common comment for an industry in such a market genre. High price generally allows for accelerated growth, cheap credit, easy entry into the marketplace and so on. Companies that may not deserve to be in the game get in.

The Business Associations – CAPP, SEPAC, CEPA, CAODC, PSAC, and CAGC – represent the business of oil and gas in Canada. In addition as it relates to dealing with the public – CAPL often fronts the interests of CAPP. Our Associations live in different tiers of financial ability and as well different levels of in-house staffing and even available volunteers from their membership. Time and money generally form the basis for the effectiveness of an Association. The rest of the structure then comes from within in terms of what direction things move and what pace.

A major function of the Business Associations is its relationship with the various Provincial Governments. These are not unlike relationships people have on individual basis-es. They go up and down in terms of care and commitment. They go up and down in terms of effectiveness.

Currently it might be argued one of the most positive relationships these days is with the Government of BC. We are fortunate Oil and Gas is highly regarded as a Royalty generator. Also due to the unfortunate situation of the Softwood Lumber dispute, the Forestry Industry in BC remains in a depressed state. As such the Business Associations of our Industry have worked hard to create and maintain a positive relationship with the BC Government. A relationship always takes two to tango and so in this case we were fortunate the circumstances were favourable for BC to take interest and work with Oil and Gas. The BC Government has been extremely proactive with tax reductions, royalty incentives, P-3 initiatives on roads and infrastructure and general business climate support. As a two way street should, this has caused for a record year for BC in terms of land sales and industry activity. We, as the various Business Associations, look for this to continue forward in the years to come.

Such positive activities by Governments have been also seen in Saskatchewan and we see hints of some potential tax changes in Manitoba. Certainly in terms of Saskatchewan Industry business has also increased this past year.

Certainly the biggest challenge for our industry has remained that of the Federal Government. It is notable to point out Industry did all right with the Feds last year with some wins in the tax department and a win through the application of the Kyoto Accord as it may relate to our Industry. We hold great hopes for a positive future under the Paul Martin government. Time will tell.

Our greatest struggle these days seem to lie at home. It is hard to determine whether the relationship between the Oil and Gas Industry and the Alberta Government is off keel or whether, like a marriage of many years, we have reached a point whereby we just take each other for granted. Nonetheless we find ourselves behind the eight ball with recent announcements on reclamation standards and even uncertainty surrounded water policies on a go-forward basis. Despite strong opposition by our Industry we lost the battle on trying to maintain the integrity of the WCB and not creating a politically motivated arbitration panel for long-term contentious claims. It must be noted we do have positive attributes – our ongoing involvement in the Aboriginal Consultation development – is a good example.

A high price scenario in the marketplace stretches all of us – individuals, companies, and Associations. We all try to do more with less time – less people. The market encourages companies to be formed and in some cases companies to operate with poorer standards – less of an eye towards long term stability and safety and more of an eye towards short term growth and profit. It is important to maintain our business standards or levels of safety and our levels of training. We always advocate membership in a Business Association as a measure of due diligence – a base for information exchange and strength through knowledge and advocacy.

Finally it is important the Business Associations further explore Synergy in the upcoming year. The effort of collaboration is becoming a necessity in the creation and consistent delivery of a positive message in and for the OilPatch. In addition the issues are becoming too complex and too integrated to expect to succeed on all fronts by one's own Business Association alone. Perhaps this has also contributed to our relationship failure in Alberta.

Sometimes we must admit we cannot be all things to all people so let us concentrate on doing what we do well and on working with others in collaboration for all other areas.

From The Thursday Files:

There are two ways of exerting one's strength; one is pushing down, the other is pulling up.

- Booker T. Washington