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The Canadian seismic industry produces approximately \$2 billion per year in revenues. Of this, the data acquisition companies constitute between 20 and 25 % of the total so somewhere in the \$500 million per year in revenues. This is probably about the truest number that can be used to determine what the seismic market in Canada is doing over the years. This number hasn't changed much in the past decade.

Technology in equipment has changed, productivity of the equipment has changed, crew size and composition has changed, and crew channel size and composition has changed. Yet the dollars spent on seismic exploration remains relatively static. It simply is shuffled internally within the bigger scope.

The number of land seismic companies in Canada has not changed much in the past decade either. We lost a few a couple of years ago but gained one new entrant. This past year we lost one more and had two new entrants. This is the type of up and down scenario that we have seen over the past decade as well.

The Canadian market supports the whole range of business types: large public, large private, medium public, medium private and the small private entities. No different than any other business, the most pertinent message is “not to rob Peter to pay Paul.” Companies who use current revenues to pay off the subcontractors and bills from the last job are invariably the ones who fail in time. It is a dangerous cycle that runs amok when there are no current revenues and the cycle ends deeply in the red. These companies not only fail but they hurt subs and suppliers and leave a bad stigma within the seismic community.

For the same dollar amount as that of a decade ago, seismic companies deliver much more. They take liability through the Federal ERAP structure; many have full blown COR programs and fully integrated safety and human resources structures to manage. These items come at some cost, which is not necessarily recoverable through the bid process.

Yet as the poster boy of the oil and gas industry our industry has done lots. We have reduced our line widths 50 % in the past 5 years alone. We have continuously met the technological challenge with strides in areas of efficiency and productivity. As often the pioneers of the business, by way of being the first into an area, we have improved public relations and Aboriginal relations in many Frontier areas. We are a tenuous bunch by nature and in fact epitomize the Oil Industry in a “can-do” sort of way. We continue to do more for less.

I often tell media that seismic in Canada is a slowly declining business. This does not mean that it will decline to zero but rather that the market will continue to change. Whereas falling reserves encourages more wells to be drilled, the same cannot be said about seismic. However having said that, it needs to be recognized there will always be a

need for seismic. Situations such as different parameters to look at different depths or seismic to determine pool structure encourage seismic in mature areas, however the future for seismic lies in the frontier areas, in the foothills, North of 60, and even on-land in Eastern Canada.

These areas come with greater demands for lessening the impact on the environment. Once again there will be further need for our equipment to develop and as well as this we must deal with conflicting needs such as safety of our workers and evacuation plans that fit such worksites. We come into these areas as pioneers and must ensure we leave the public with a positive perception of the Oil and Gas Industry.

As our industry changes so will our companies that serve it. As the free market has proven, if someone feels there is a dollar to be made they too enter the market. Despite pointing to low pricing as a common Achilles heel for our industry, the fact remains that with supply outstripping demand; someone is always hungry enough to bid the job below cost in order to get working. As the market is relatively easy to penetrate we are forced to change some other dynamic in order to balance supply and demand. As such specialization is not a bad concept. Someone recently said, "All the easy exploration has been done and now we must strive to find more difficult targets." Seismic can do this. So let this be the credo of our industry rather than its epithet.

From the Thursday Files:

*Give us the tools and we will finish the job*

**- Winston Churchill**