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I am about a week late in writing my column this month. I have a bit of a hodge-podge on my mind as I sit to write this. Fall is upon us and the weather is turning colder. Commodity prices have fallen back a bit as the USA recovers from Hurricanes Katrina and Rita. Here in Alberta Klein is getting set to send out \$400 rebate cheques while the Feds are also talking about surplus rebates to targeted sectors in the public. Ontario continues to push for national change to the federal – provincial financial framework and relationship. Energy has largely shifted the make-up of the country with Central Canada feeling the pinch from the cost of energy in its manufacturing base and Western Canada enjoying some prosperity with full energy royalty coffers.

We, as an Association, have recently finished up with our annual Geophysical Seminar held in Red Deer in late September. It was well attended with over 260 delegates and an excellent swath of presenters. As well we delivered BC SIM (Seismic in Motion) just outside of Fort St John, BC to over 225 participants over three days. The weather was a little cooler than Alberta's version in 2004 but overall the field trip was very well received. We also had about 75 high school students and their teachers attend the event. One thing about SIM, there is something in it for everyone – from the trades person type to the academic type – everyone gets something out of it.

In the face of a changing geopolitical world within Canada, our industry must do a better job of selling itself on an overall basis. We need to get into the K-12 curriculums and we need to use practical applications to show our industry out there. As with the seatbelt dilemma in the 1980's or the smoking dilemma of the 1990's, it takes at least a decade and more likely a generation to change the way society thinks. In selling BC SIM to the media we used the following language: "This is one event we bring to the community," said Mike Doyle, president of the Canadian Association of Geophysical Contractors (CAGC). "We need to do a better job at telling our story while at the same time listening to the public's questions and concerns. We have taken the saying 'try walking a mile in his shoes literally. In fact, our success lies in the fact that we spend the day walking it together."

Last month I wrote about the National Energy Policy and the conditions from which it evolved. Our Canadian world looks quite a bit different now. An interesting article written by Jeffrey Rubin, Chief Economist and Chief Strategist of CIBC World Markets, TSX too energy intensive? You've seen nothing yet. was featured in *The Globe and Mail* on August 24, 2005. Some excerpts from that piece as follows:

"As it stands, the TSX is already the world's most energy-intensive stock market. In the space of five years, the energy sector has almost tripled its share of total market capitalization, increasing from under 10 per cent to nearly 25 per cent, and accounted for almost 90 per cent of the gain in the S&P/TSX composite index.

Already almost three times as energy-intensive as the S&P 500 index, the TSX's energy weighting is about to grow to just under 30 per cent next year with Standard and Poor's decision to include some of the larger-capitalization income trusts in the S&P/TSX composite index. Almost two-thirds of the likely candidates for index inclusion are oil and gas royalty trusts.

Some might suggest that this type of market dominance denotes a cyclical peak, reminiscent of Nortel's — at one time — near-40-per-cent weight in TSX market cap. I, on the other hand, believe this is a floor, from which the TSX is likely to become much more energy intensive over time.”

He goes on to talk about global demand driving the energy market and the undervalued oil and gas stocks (in his opinion) that will continue to drive this trend. The interesting point from my standpoint is the comparison to Nortel. Despite being somewhat unrelated and only used as a loose comparison it can be noted that a Federal Government run at the Energy Industry would cause something akin to a Canadian stock market crash, which would have devastating effects across all sectors and Provinces in this country.

Excerpts from the October 7, 2005 *Daily Oil Bulletin* *Canada Needs To Address Energy Tensions: Former P.M.* by Lynda Harrison

“The Rt. Honourable **Joe Clark** recently spoke at the 2005 B.C. Oil and Gas Conference saying there is no hard evidence that points to a second NEP but he foresees four challenges the industry will face, and they are distinctively Canadian, related to the country's regional differences, its federalism and its inherent ambivalence to its neighbour, the United States.

"Remember, political controversy doesn't just pop up out of the atmosphere," said Clark. "It develops when there are real problems and real tensions."

One of his predictions is for tensions within Canada between energy-producing regions and energy-consuming regions.

Another is tension within Canada between advocates of market forces and advocates of Canadian sovereignty over the implication of the growing U.S. interest in Canadian resources as a secure source of supply.

A third concern is tension between Canada and the U.S. about Canadian efforts to broaden Canada's international energy markets and thus potentially dilute the U.S. capacity to rely on North American sources.

He added that China's interest in Canada's oilsands has caused concern in Washington, where the resource is considered a key component in the country's strategy to ensure a secure supply of energy.

Fourthly, Clark foretold of a renewed intensity to the debate about resource development and the environment. "Every famine, every hurricane, every pollution report heightens that concern," he told a luncheon crowd in Fort St. John, in the core region of northeastern British Columbia's oil and gas industry.”

Political change does not come without winners and losers. This tale is likely far from fully unraveling.

From the Thursday Files:

Some regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow that they can milk. Only a handful see it for what it really is - the strong horse that pulls the whole cart.

- Winston Churchill