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As we approach May and the CSPG CSEG convention, certainly the theme of one of the speaking panels – that of Stakeholder Involvement – rings very strong both here in Alberta and in BC. The public is a gathering force that continues to build in strength and those companies doing a better job up front through open and transparent processes are the ones that are rewarded in gaining their approvals.

In Alberta we have seen a cosmic shift in the way business operates as over the past year Aboriginal Consultation has been mandated and the political shift with the changing of leadership from Klein to Stelmach. Aboriginal consultation is a challenge of managing expectations. It has really affected the small to medium sized Oil company as most do not have the in-house capability of handling this and in general do not have a very good understanding of even what it is or how to do it.

The political shift in Alberta is an interesting one. The new Cabinet is largely rural based so we are seeing greater lobbying strength from the rural community in general. We saw a couple of seismic programs go very political these past few months as landowner payments were drug out for differing reasons but in general they were an unfortunate consequence of the landowner being caught in the middle between two business entities. We have also seen other programs where local groups are lobbying hard to stop the seismic as a way of stopping later industrial developments. We have written letters Stelmach and the SRD Minister Morton expressing our concern with setting precedence whereby in essence the seismic program is being judged on something more than the technical aspect itself. These situations remain in limbo at this time but likely will have come to conclusion by the time this article publishes. Suffice it to say that this new Alberta Government – in trying to be open and transparent (their own words) seems to be sitting on the fence on a lot of issues – not only this one – but as well issues of all types. At least Klein was direct – whether you liked the answer or not. We can only hope that Stelmach and company reach some similarity in decisiveness sooner than later.

We are sitting on a landowner – government relations committee in BC called NEEMAC. Lots of pressure coming from the stakeholders to develop more binding structures for surface lease contracts, landman certification, and pretenure stakeholder involvement. These types of issues highlight the challenges Industry faces going forward.

Along a similar vein is the following letter we sent to the Honorable Richard Neufeld of BC Ministry of Energy, Mines and Petroleum Resources Regarding BC's Consideration of a Net Profit Regime for Stranded Resources.

I write this letter to inquire as to whether seismic will be considered for inclusion in the Net Profit Regime for stranded resources. At this time I understand there is not such a consideration.

Alberta's OilSands did not include such a consideration originally however the target was one that was well known geographically and therefore seismic only became an important tool once the actual resource started to be exploited On the other hand we are currently in

talks with Nova Scotia to consider a regime where non-exclusive (speculative) seismic will be considered for full expenditure in terms of Oil Companies' work commitments. This comes as part of Nova Scotia's realization of the important role Speculative Seismic Companies play in frontier areas.

We realize the BC Government has put some money forward for the Geoscience BC seismic work in the Nechako basin and view this as a good beginning. However we continue to believe that the BC Government must look at creative policy schemes that will spark the interest of Speculative Seismic companies. Consideration of transferable royalty credits for such seismic under a Net Profit royalty scheme may be one such measure for consideration.

The initial seismic is critical in frontier areas as risk mitigation for Oil Companies. Speculative seismic companies are becoming more and more important in the operation of the Oil and Gas Industry for a number of reasons. These include confidentiality, stakeholder relations, and the environment. Oil Companies more and more are finding that spec seismic does a proficient job of handling the initial stakeholder work required to get into an area without sparking the tremendous pressure that comes with expectations of locals. As well spec seismic often reduces or eliminates the number of seismic programs that may follow as one program may be sold many times to different Oil Companies.

I would invite your Ministry to have these conversations with CAPP and as well to look at where some of the other jurisdictions policies are going concerning non-exclusive seismic in frontier areas.

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We worked with CAPP and other Associations in developing a Public Communication Course through Enform a couple of years ago. We had looked at it more to do with later developments than seismic but the fact is today Public Communication and initial stakeholder involvement processes are becoming critical to how we do business.

From the Thursday Files:

As we look ahead into the next century, leaders will be those who empower others.

- Bill Gates