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As I write this in mid-September our Industry continues to be slow. The markets have maintained their gains and the media has more of a positive tone towards the end of the recession. However, for us, the thing that continues to hurt the most is the soft commodity price of natural gas. Without some modest recovery we will lose that share of work for the winter. This certainly goes across the board in terms of other sectors of the Oil and Gas Industry as well including large percentage downside's in drilling numbers and therefore all the services and suppliers that follow

In Alberta the differentiation between the Oil Industry and the Gas Industry is becoming much more pronounced. We have talked about it internally for quite some time however in the heady days of boom no one gave it much thought – the strength of the Oil and Gas Industry was enough. The outlook for the future was accepted that in time Oil Sands type work and associated royalties would surpass and supplant Natural Gas royalties. This was to be a gradual evolution in an otherwise ideal market economy here in Alberta. How quickly the world turned – we went from an \$8 billion surplus to almost an \$8 billion deficit. The numbers here may be slightly exaggerated by the time cost cutting goes into effect but the effect is the same – led sharply by the fall off of commodity prices – natural gas in particular.

The trouble with all of this is that natural gas production was already forecasted to fall off over the next 3 years or so. The royalty review that pulled investment out of Alberta followed by the global economic downturn has set the stage for this sharper decline curve in production. We warned from the beginning of the royalty review process that it would precipitate this effect but as far as the coffers went it wouldn't necessarily affect them until the lack of new exploration rolled forward as existing production fell off. This was only proven wrong by the pure speed of how quickly this has come to pass. We certainly face a new reality here in Alberta.

In any case I wanted to use some of this month's column to talk about a couple of issues brought to you by the letter "E". In this case the Health, Safety, and Training arm of the Upstream Oil and Gas Industry – Enform. And then as well another interesting media offering internal to our Industry (but for external purposes) that of *Energize Alberta*.

The roots of Enform run back deeply and historically into the annals of our own history within Alberta and its Oil and Gas Industry. Formed in one fashion or other after Leduc #1 it has served the Industry as its training arm providing a standardized level of training within the industry which is backed by Quality Assurance processes. The Petroleum Institute of Training Services – commonly known as PITS in its earlier days became a world class organization. More recently the Industry created also created a Health and Safety Arm – the Petroleum Safety Council. These organizations were merged by the Industry into the organization that exists today – Enform.

Enform is largely funded by its own training revenues but Industry set upon a new strategic direction a couple of years ago in which to deliver more robust and meaningful Safety Services to the Industry. This has taken it down a path of expansion to broaden its

personnel infrastructure in particular in the Safety Services area. This strategic movement was well underway when the recession. As such we have seen Enform's main training revenues fall by some 15 % and their deficit widen in the face of expanding the safety side. Enform's budgets are topped up with Industry WCB levies. The next year will tell the tale as to whether Industry will bite the bullet and finish the job of building a world class organization across the board or whether the downturn will cause a shift in thinking to return to the old ways of peak and valley funding that matches energy cycles. As Wally Baer, Enform's CEO, recently put it: "*We will not solve this problem with the thinking that created it.*"

Finally I wished to talk briefly about a new publication that June Warren is coming out with called Energize Alberta. The intention is for a collaborative piece of media – journalism – that is focused for the public and for the landowners in rural Alberta. Broadly speaking it means to cover four broad themes: Living Energy (energy literacy); Going the Distance (renewables); Critical Balances (sustainability and environment); and Leaders and Leading (research and technology). It is based on moving away from the traditional media (Newspaper / Magazines) that operate on encoder-decoder models as follows - Message packed up & encoded then transmitted to recipients. No thought to interpretation on other end or the noise inbetween. Instead this seeks to use newer paradigms of media (things that make social media such as Facebook work). Meaning-based model is predicated on effort to understanding how meaning is made; how recipient's reality is tuned. Message is adjusted accordingly. This is to be created and maintained by a collaborative steering committee.

The concept fits well into the social license and public relations push that Industry was getting underway a year ago. Crafted correctly it may have the ability to reach out with a unified approach that is interesting enough to read (or listen to) by the end user. If so timing may be very good as things slowly come out of the recession.

Here's to hoping we see the rosy-ness return to the cheeks of Alberta.

From the Thursday Files

The recipe for perpetual ignorance is: be satisfied with your opinions and content with your knowledge.

- Elbert Hubbard