

Mike Doyle is the President of the CAGC - the Canadian Association of Geophysical Contractors - representing the business interests of the seismic industry within Canada. The CAGC website may be found at www.cagc.ca.

At a high level - seismic in Canada has likely reached its lowest activity point in decades. At the height of the boom in Winter 2006-07 we ran between 40-50 crews. Last winter was down to 30-35. This year we are down to 20-25. Over the last decade we have gone from about 20 Land Seismic companies to sitting at about 10 this year. Some have pulled up stakes and gone international - others have merged.

I think the global economic outlook and vis-a-vis the Canadian outlook looks very encouraging. Last year at this time we had cautious optimism of a turnaround - that never materialized. This year the industry seems to have cautious pessimism - oddly probably a better sign of what the future brings. So in the end - from our industry's standpoint - those that can work enough in Quarter 1 to make it through Spring break-up will be well positioned to take advantage of a (hopefully real) recovery by Fall 2010.

In looking back to my March 2009 column in which I took a shot at making some predictions for 2009 – let's see how I did.

- 1) *The DOW will bottom at 6600.* I was pretty much bang-on there. I wrote the article in late Feb 2009. The DOW bottomed out on March 9 at 6,547.05
- 2) *Commodity prices to recover in third quarter 2009 and oil spike past \$150 / bbl.* Nope – not even close!
- 3) *Federal election in late 2009 / early 2010* – it looked like it would happen but public sentiment hit Ignatieff's popularity hard once he started to push for an election at all costs.
- 4) *Never underestimate the Americans but things are a mess down there. A lot of hope has been placed on Obama. Democrats tend to be more socialist by nature. Tax the rich and give to the poor. No doubt needed but it usually comes with some short term pain.* This one is a saw-off – still going on. Obama still pushes for the Environmental and Health Issues with differing levels of success. The economy has overhung his agenda substantively.

The upcoming year remains equally unfocused however certainly things look better right now looking forward than they did at the same time last year. Drilling well predictions – at this time last year – were all revised at least twice downward during the year. The predictions started between 14,000 and 16,000 wells for the year but by yearend were little more than 8,000. This year those who predict have remained very conservative with perhaps the feeling that adjusting upwards is much easier than adjusting downwards.

Here in Alberta – politically – we are in for an interesting year in 2010. As I write this in mid January we have seen a large Cabinet Shuffle at the Provincial level with about two-thirds of the Ministers being moved. Only three moved out and three new ones in – and overall a bit of a nod towards Calgary in light of the recent success by the Wildrose Alliance and the general discontent by the Oil Industry with the Conservative's policies of late. It is an interesting play by Stelmach – mixing the portfolios up – is it enough to slow and/or change the media and moreover the falling favour of the party?

As well we have seen a Provincial about-face on the issue of Royalties. Coupled with a new Energy Minister a new Royalty structure will be rolled out shortly with a greater leaning towards natural gas and in particular unconventional plays. The industry has said quite often and quite loudly that Alberta has not positioned itself well for the recovery in particular in these areas. Local economics is usually the biggest initial driver of whether people are happy with their governments or not. After awhile continuous prosperity brings dissension in other areas but for a brief time as things come out of recession people will be happy. And that may translate into votes.

Federally Harper has been a master of the game with a Minority Government. Whether you like his tactics or not (such as proroguing Parliament), he really plays the game well. With the (largely) failure of Copenhagen in which countries such as the USA and China played front and center rolls, Canada dropped to more of a back row seat – arguably where we belong. With the Environmentalists using the Oil (“Tar”) Sands as the equivalent symbol of the iconic Polar Bear for the WWF, Canada won infamous “fossil awards” a number of times. I guess Canada is easier to pick on then China or the USA.

So as the world changes its climate due in part (or large) to mankind and the complexities of the biosphere we live in Mother Nature will create her own balance. The question will be how we adapt. I wonder what the basis for the motif of an Environmentalist will be in 50 or 100 years. Will they seek status quo (which of course will be a different climate than that of today) or will they look to return the climate to a time (i.e. now) that they never experienced?

From the Thursday Files

Be who you are and say what you feel because those who mind don't matter and those who matter don't mind.

- Dr. Seuss.