

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.

In late 2010 the three Western Provinces of BC, Alberta and Saskatchewan signed an Energy MOU called the New West Partnership. Following that they invited various Trade Associations to submit written proposals on areas of importance that the three Provinces could work towards. The following was the CAGC submission:

Honourable Bill Boyd - Minister of Energy and Resources - Government of Saskatchewan

Honourable Ron Liepert - Minister of Energy - Government of Alberta

Honourable Steve Thomson - Minister of Natural Resources -Government of British Columbia

Dear Ministers:

Re: New West Partnership Energy Memorandum of Understanding (MOU)

I am writing you to express the Canadian Association of Geophysical Contractors' (CAGC) support for the Energy MOU signed by Alberta, British Columbia, and Saskatchewan on December 16, 2010. The CAGC recognizes the significance in regulatory harmonization, enhanced cooperation across the Western Provinces and as well the benefit of enhanced Provincial Department communications across Provinces on similar matters.

The CAGC is the Trade Association which represents the business of seismic in the Canadian Oil and Gas Industry. The CAGC has worked closely with the other Upstream Oil and Gas Associations including CAPP, SEPAC, CEPA, CAODC and CEPA on a number of fronts including similar bilateral Provincial harmonization efforts over the years.

I apologize on our timing of this letter and the previous meetings held in Calgary but due to a number of external factors we were unable to participate in the meetings of last month. I would like to thank Floyd Wist for the opportunity to submit our input through this written response.

Some key areas for the MOU to consider either within its mandate or through discussion with other agencies are as follows:

Seismic-Specific

1. Consideration of implementation of a consistent line width and line spacing matrix for seismic across Western Canada. We have had to work separately with each Province over the years in determining different variations.

2. Consideration of standardization for seismic operation working conditions within riparian areas. Seismic often requires access to these areas for a temporary time period. Each Province has different allowances and working conditions.

Transportation

1. Formation of a Western Commercial Vehicle Threshold of 4,500 Kg for intra-western provincial transport. Since 2007 with the Provinces agreeing to regulate the Federal threshold of 11,794 Kg the Oil and Gas Industry service sector has been struggling to meet the intent of transport regulations designed for the trucking industry rather than the work vehicle (i.e. welder). Alberta has provincially opted out which in some cases makes it an uneven playing field between some intra-Industry companies.

Labour

1. We see different Standards being upheld for different occupations. Whereas occupations such as (explosive) Blasters and First Aid Attendants tend to fall under OHS Acts, other occupations such as Chainsaw Fallers, Supervisors and Negotiators do not. We have seen training harmonization across Blasters and First Aid but much less so in other occupations which may only show up in Provincial Regulations versus an Act.
2. The Standard for Fallers was developed in BC. The Oil and Gas Industry have adopted this standard as it is rapidly becoming a globally recognized standard. AB and SK have not adopted the standard.
3. We are involved in a process in Alberta for our Supervisors and our Negotiators (akin to Land Agents) for professional designation under the Professional and Occupational Associations Regulations Act (POARA). Such legislation will allow us to assess competency (training, experience, and skill) but more importantly to have control over the occupation in terms of ethics, codes of conduct and ultimately interaction with the public. We believe these elements applied across the Industry and Jurisdictions are essential to ensuring a more successful relationship with landowners and the public in general.

Aboriginal Consultation

1. Each Province has a different take on who is responsible for consultation, how it is conducted, and with whom. We recognize it is a complicated legal issue that each Crown Authority must deal with separately but as an Industry we would advocate much better communication across the Western Provinces in terms of successes and failures so that ultimately one day we could see some hints of harmonization or commonalities across the Western Jurisdictions. Lack of any cohesion amongst the Provinces spells an ever upward spiral in terms of costs and timing windows for Industry.

Environment

1. Climate change management policies and regulations represent uncertainty and risk to our Industry. The more inter-Provincial harmonization that can occur allows for greater certainty and hopefully the greater ability to work with the Federal government as they confront this issue.
2. Wildlife Management policies and regulation (ungulates, species at risk, migratory birds) are handled differently by each Province. We would encourage

harmonization or at the very least better communication that may lead to regulations on allowances and working conditions to be more closely aligned across jurisdictions. Ultimately it would also allow for a better interface with the Federal Government on such issues.

Market Diversification

1. The Provinces must work together to ensure Energy can reach Asian markets. Our current infrastructure systems (i.e. pipelines) are almost exclusively to the USA. We are vulnerable to economic fluctuations in the USA without any real secondary markets. We sell our oil to the USA at a discount partially due to this (WTI sells about \$10 / bbl cheaper than Brant). Our Natural Gas has largely been dampened as an exploration play of choice here in Canada with the large influx of Shale Gas in the USA. Both commodities need more and better access to the West Coast of Canada and the Asian markets.
2. Provinces need to start considering fiscal alternatives to encourage more market forces to move towards natural gas. In some cases changing coal to natural gas for electricity production is relatively easy. However a greater challenge is to encourage more fleet transportation to move towards natural gas. Lack of policy by Provinces in this vein will continue to support local political upheaval as oil and automobile gasoline spike upwards. Negative incentives such as carbon taxes do little to change driving habits until the costs are double or triple of what they are today. Political disenchantment will come along with these high cost structures and solutions may be a grab bag of ideas rather than any one focus. Unfortunately energy and transportation is an economic staple for the structure of our economy and cannot be handled like by the market in the classic Beta versus VHS fashion.

Thank you for the opportunity to submit and we hope that the Provincial Governments find meaningful areas for cooperation and harmonization.

Sincerely
Mike Doyle
CAGC President

From the Thursday Files

It is a mistake to think you can solve any major problems just with potatoes.
- **Douglas Adams**