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The year ahead – will the uncertainty begin to clear? The issues that are forefront for my Association include the advent of the Single Regulator in Alberta, the process surrounding timing issues with Biodiversity zones in Northern Alberta, the advent of the new First Nations guidelines in Alberta and hopefully the conclusion of seismic on lakes in Alberta. In BC the issue of MicroSeismic data being treated as well data instead of geophysical data is troubling as it may allow for public disclosure of such data in very short periods of time.

Markets hate uncertainty however when they start to rise it is likely there is some innate perception that things will get better. The US Dow Jones has recently hit record highs suggesting some optimism. The Canadian TSX has not fared as well however with about twenty five percent (25 %) of the make-up being Energy stocks the market has been more subdued. Energy stocks have languished at low levels for the past year. Often dictated by global forces and supply and demand metrics there is not much suggestion that things will improve in the very near time.

The US State Department recently released its environmental report on the Keystone Pipeline. There is a forty-five day comment period after which a final report will follow in the next few months. It likely pushes Obama's decision into August or later however Republican lawmakers are trying to legislate approval in the meantime. Regardless of the outcome in terms of the final decision, there should at least be a final decision taking the uncertainty out of the situation – one way or the other.

BC holds its Provincial election in mid-May. The NDP have led the Liberals in the polls for the last couple of years. Currently there is as much as a twenty point difference in popularity. Some of the latest polls suggest the NDP will take as many as 70 seats and the Liberals will end up with less than 10. In any case the uncertainty will clear for the time being and the Province will get back on the road at least in terms of governance.

The LNG infrastructure is important in BC. Currently there are a couple of proposed pipelines coming out of NEBC. The Kitimat Coast is becoming crowded with the number of proposed LNG Terminals. In the end it will be about pre-arranged contracts to Asian interests. It is only through these types of guaranteed contracts that the infrastructure will occur. On a positive note the LNG pipelines have the support of the Aboriginal groups along the corridor so these projects should only be about which ones go in the end and exactly when.

Here in Alberta we face much uncertainty that we hope will begin to dissipate over the coming calendar year. The Single Regulator is set to come into being in June 2013. It does seem hard to believe that it will be in place by then. Currently the selection committee is in the final throes of hiring the two main positions of the CEO and the Chair. Government employees themselves have had to reapply for their jobs as the entity will be at arm's length from the Government. In some cases this has added to uncertainty in getting decisions made in what Industry would consider a timely manner. This too shall pass.

One of the most concerning files for not only the seismic industry but potentially the entire oil and gas industry is the Key Wildlife and BioDiversity zones. On January 11, 2013 we received the following communication from the Alberta Government:

“Timing restrictions in these zones is for the period January 15th to April 30th. However, in the past, there have been a number of different approaches in the Area to applying the restrictions, ranging from not at all to February 15th for the forest industry to a strict adherence to January 15th. While we are moving to having all staff / industry apply the January 15th outdate, in fairness to industry where this has not been applied in the past, we are prepared to be somewhat flexible this year, with the expectation that industry will begin planning to wards January 15th for future operations.”

No doubt in part driven by the Federal Government release of the Recovery Strategy for Boreal Caribou in the Fall of 2012 which marks most of the herds in the Boreal area as requiring further protection in order to bring back population numbers. This timing window will have a tremendous impact on operations in Northern Alberta if the January 15th date becomes a hard and fast deadline for all aspects of operations. Perhaps we will move to Louisiana swamp hovercrafts for summer operations or the like.....?

The Alberta Single Regulator will not have jurisdiction over Aboriginal Consultation. This will remain with the Ministry of Aboriginal Affairs. As part of the winds of change, the consultation guidelines are undergoing change as well. However for seismic the most challenge piece may be that we may be required to complete consultation in order to receive a FNC# that will be required to submit a program application to the new Regulator for final approval. Under the current system we are able to submit and consult concurrently with the Government ensuring an application is not approved until Consultation is complete and deemed adequate.

In September 2007 then-Premier Ed Stelmach revoked a seismic approval on Marie Lake which in effect became a moratorium for conducting seismic on lakes in Alberta. Marie Lake was largely a political decision with local cottage owners however the moratorium has blanketed all fish-bearing waters in Alberta regardless of whether the shoreline is occupied by cottages or not. Alberta is currently the only jurisdiction in the world that has such a moratorium. We had worked with the ESRD Geophysical Department for a number of years following 2007 in creating a structure that would allow seismic on lakes without cottages and a robust public stakeholder process in the case that a company may wish to commit to the time and effort necessary for consideration of such an approval on waters with cottages. This file has remained stalled within the ESRD's Fish and Wildlife Division for the past 2 or 3 years despite such activities causing no concerns for the Federal equivalent, the Department of Fisheries and Oceans (DFO). We hope that this file is ultimately cleared up by the time the new Single Regulator comes into effect.

From the Thursday Files

Patience is bitter, but its fruit is sweet.

Jean-Jacques Rousseau