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The irony of it all. Read on for my latest update of pet peeves. Snippets of thought.....

The 2009 Nobel Peace Prize was awarded to U.S. President Barack Obama for his “extraordinary efforts” to strengthen international diplomacy and cooperation between peoples. The Norwegian Nobel Committee announced the award on October 9, 2009, citing as well Obama's work on preventing nuclear proliferation and climate change. The nomination came just 12 days after he took office. In essence the fact that he had done nothing yet seemed to be enough to win the award.

Bre-X was a group of companies in Canada. A major part of the group, Bre-X Minerals Ltd. based in Calgary, was involved in a major gold mining scandal when it reported it was sitting on an enormous gold deposit at Busang, Indonesia (on Borneo). Bre-X bought the Busang site in March 1993 and in October 1995 announced significant amounts of gold had been discovered, sending its stock price soaring. Originally a penny stock, its stock price reached a peak at CAD \$286.50 (split adjusted) in May 1996 on the Toronto Stock Exchange (TSE), with a total capitalization of over CAD \$6 billion. Bre-X Minerals collapsed in 1997 after the gold samples were found to be a fraud.

Litigation was also pursued in the Cayman Islands, the Bahamas and Philippines and efforts were undertaken to recoup monies that had been deposited in a Channel Island Trust. But in the end, the action from 1998 through to 2011 recovered only \$5 million from the Channel Island Trust and a further \$2 million in the settlement of the action against Bresea. With court approval, the funds were added to the cash on hand and used to fund ongoing recovery efforts. However, Deloitte said that by 2011 it had become apparent no further recoveries were possible. Part of the reason was that funds frozen under various injunctions had been spent under the terms of those orders that permitted payment of the defendants’ living expenses and legal costs, Deloitte said at the time. As well, one of the principal targets of the litigation, Bre-X’s geologist, John Felderhof, was acquitted after a lengthy Ontario Securities Commission trial. Now 72, he reportedly lives in the Philippines.

Greenhouse gases emitted by the European Union fell by 3.3 per cent in 2011 to their lowest level since 1990. The 2011 decline, which coincided with a 1.6 per cent rise in GDP, was the result of a relatively mild winter, the agency said. It followed a rise in 2010 when a colder winter and a rebound in many economies drove up energy use, breaking a multi-year pattern of emissions' declines. Jacqueline McGlade, the head of the European Environment Agency, which collects scientific data and advises EU policy-makers, said the EU was making progress towards its target of a 20 per cent cut in emissions by 2020 compared with 1990 levels. But she noted an increase in consumption of more carbon-intensive fuels such as coal by several EU countries. That is largely the result of the United States shipping cheap coal to Europe as it relies increasingly on shale gas fuel. At the same time, EU countries are using less natural gas, which is around half as carbon-intensive as coal but more expensive in Europe, with consumption down 11 per cent in 2011. Almost two-thirds of the 2011 emissions reduction was from Britain, France and Germany, while Bulgaria, Romania and Spain recorded the biggest increase in the

volume of emissions. Although fossil fuel consumption fell by five per cent in the European Union, the average carbon intensity of fossil fuels rose, the EEA said, a reflection of the greater use of coal.

Downturns reduce greenhouse gases however the market continues to drive the energy mix. As natural gas prices have fallen in North America the USA has switched away from coal. Coal is still produced and begins to supply other countries where natural gas is more expensive relative to coal. The pendulum has likely bottomed out in North America and is now on the upswing for natural gas pricing. Prices are increasing in the \$4 and \$5 area.

In mid-May, the US Department of Energy announced its decision to authorize the Freeport Liquefied Natural Gas (LNG) Terminal on Quintana Island, Texas. Prior to this Natural Gas exports had been banned in the USA. With the shale gas supply bonanza the pressure has mounted to lift the ban. Now natural gas in North America will move towards global prices and as prices increase the market for coal consumption in the USA will return.

Tariffs and subsidies by governments tend not to work very well or for very long. Carbon markets in the EU have largely collapsed. Governments around the world have had poor records on effecting the growth of the renewables market. Most Governments have simply piled up debt by subsidizing renewables while maintain price controls on the sale of electricity keeping them artificially low. Obama in the USA looks to maintain the pressure not to use coal for electricity through policies by the Environmental Protection Agency (EPA). This will have unintended consequences.

Environmentalists fight clean sources of energy such as Hydro Dams and Nuclear Plants. What is left? Can solar and wind replace all these things? At this point, not even close. For sure, there's an enormous amount of energy in sunlight and in wind. But that energy is not very concentrated in any one place—so it takes a lot of land and resources to collect. Worse, the energy doesn't come in as a reliable flow, it comes in on-and off, intermittently. Consider the last 80 years. We hear about an allegedly alarming one degree temperature increase, yet the number of weather and climate related deaths decreased by 98% over the same time period due to technologies (air conditioning, heating, health care etc.) created from the use of fossil fuels.

Despite cries to the contrary, development of Keystone XL will actually help to reduce the likelihood of spills in the future. Pipelines transport is far, far safer than any other form of transportation. In the last 10 years, there were 6,566 pipeline incidents. In the same time period, there were 61,426 railroad accidents. When compared to trucking, pipeline transportation is a staggering 16 times safer than rail, and 189 times safer than trucks when comparing freight tons shipped. To take it a step further, according to USDOT statistics, pipelines are 451 times safer than rail on a per-mile basis. The disparity between pipeline and highways becomes even more stark, with pipelines a full 29,280 times safer on a per-mile basis.

Of interest in a Daily Oil Bulletin Article published on May 31, 2013 **Global Warming Caused By CFCs, Not Carbon Dioxide, Study Says**

*Chlorofluorocarbons (CFCs) are to blame for global warming since the 1970s and not carbon dioxide, according to new research from the University of Waterloo published in the International Journal of Modern Physics B this week.*

*“Conventional thinking says that the emission of human-made non-CFC gases such as carbon dioxide has mainly contributed to global warming. But we have observed data going back to the Industrial Revolution that convincingly shows that conventional understanding is wrong,” said Qing-Bin Lu, a professor of physics and astronomy, biology and chemistry in Waterloo’s Faculty of Science.*

*“Most conventional theories expect that global temperatures will continue to increase as CO<sub>2</sub> levels continue to rise, as they have done since 1850. What’s striking is that since 2002, global temperatures have actually declined -- matching a decline in CFCs in the atmosphere,” Lu said. “My calculations of CFC greenhouse effect show that there was global warming by about 0.6 C from 1950 to 2002, but the earth has actually cooled since 2002. The cooling trend is set to continue for the next 50-70 years as the amount of CFCs in the atmosphere continues to decline.”*

*By proving the link between CFCs, ozone depletion and temperature changes in the Antarctic, Lu was able to draw almost perfect correlation between rising global surface temperatures and CFCs in the atmosphere, the study says.*

*Data recorded from 1850 to 1970, before any significant CFC emissions, show that CO<sub>2</sub> levels increased significantly as a result of the Industrial Revolution, but the global temperature, excluding the solar effect, kept nearly constant. The conventional warming model of CO<sub>2</sub>, suggests the temperatures should have risen by 0.6 C over the same period, similar to the period of 1970-2002.*

From the Thursday Files

*Only two things are infinite, the universe and human stupidity, and I'm not sure about the former.*

**Albert Einstein**