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Snippets of thought – some timely excerpts from some of the Industry Friendly Thought Leader Types follow:

Energy Illiteracy Represents A Major Concern For Industry And The Entire Country: Moore

By [Carter Haydu](#) – April 17, 2014

There is a battle being waged inconsistently and often incoherently in regards to energy and the environment, says Michal Moore, economics professor with the University of Calgary at the School of Public Policy.

“We live in a disconnected world -- independent, but utterly dependent on complex systems and faceless representatives for service,” he said, adding societal leadership is remote with regards to public issues and relies on symbols as opposed to direct metrics to measure opinion and demand.

Moore told this week’s Canadian Energy Research Institute oil conference that disconnect with the systems upon which people depend is “tragic,” and this is especially true when it comes to the matter of energy.

“Almost no one knows where it comes from, how it’s made, or even ‘better,’ what happens to it after you’re done using it,” he said, adding interviews with a broad range of Canadians, including within the oil and gas sector, demonstrated a vast misunderstanding of the sources of energy and what it costs. In late 2012, the School of Public Policy published a research paper regarding energy literacy in Canada (DOB, Nov. 1, 2012).

“For most of the public, [energy] is an icon for yet another product that you simply cannot see, and that you simply do not have a clue where it comes from,” Moore said, adding most people do not understand that the oil and gas sector is tied to almost all aspects of everyday life.

Moore said most people use symbols to convey their simplified explanations of the industry, whether those are hostile or friendly symbols. He said those symbols are backed by weak price signals directing energy choices, and while many people might have concerns about energy, they do not know how to properly direct that concern.

“Iconic representations of the damage done by acquiring and using energy are everywhere -- 12 second sound bites designed to convince the public and our representatives that energy, especially that derived from oil, is evil and a threat to life on Earth.”

According to Moore, production of energy is something that has an environmental cost regardless of its source, including with regards to the consequences of waste heat. He said the discussion on energy and the environment requires some base information to be translated into public policy concerns. While most people do not know the origins of the energy they use, most do have an idea of how they wish it originated.

“Across all the groups that we surveyed, people really wanted to be able to say that their energy came

from non-nuclear, non-coal, clean hydro and clean natural gas ... even if it didn't. People were happy with renewables, but they didn't understand the intermittency problem, and they certainly did not understand what it took to build a new electricity base for renewables.

"Collectively, we need energy in every one of its forms, but the public involved is not working together. Consumers, developers, regulators, environmental watchdogs and policymakers are not on the same team. That means we need to improve the dialogue and rebuild the trust."

'Social license' in such an ill-informed culture has come to mean that unless every single person is in favour of a project, then it should not happen regardless of the democratic rule-of-law, Moore told the conference.

"At best that is silly. The idea of trying to get everyone 100 per cent united behind an issue never happens. 'Social license' is a convenient term ... to imagine a delay or 'treading-water phase' as we wait for policy to catch up. Frankly, it is incoherent and inchoate enough that it is dangerous."

Moore said Canada needs an energy plan that unites the provinces and considers how energy could serve as a backbone for the country, involving the public and publicizing the true value of energy.

"That is the framework for energy literacy, and that is what will take us through this next century, really making us an energy superpower.

"Because we will have transformed ourselves from something that lets industry go out and be the 'spear-carrier' to do all our work for us, when in fact it should be the public mobilizing, letting companies do what they do best -- invest, innovate and translate what they know into products that can be consumed effectively, efficiently and price competitively."

MNP OILFIELD SERVICE NEWS April 2014

By David Yager, National Leader, Oilfield Services

Kitimat Plebiscite Rejects Northern Gateway Pipeline

A widely publicized vote was held April 12 in Kitimat where the citizens of that community were asked to vote for or against the construction of the Enbridge Northern Gateway pipeline which would use this coastal community as a pipeline terminus and export tanker loading facility. Of the approximately 3,000 people who voted, 58.4% were opposed and 41.6% were in favor.

The vote is non-binding in every way because ultimately a municipality has no jurisdiction over pipelines or ports, both federal files. However, because city council is elected by these voters, those who want to remain in office should at least pay attention. The federal National Energy Board gave this controversial pipeline conditional approval late last this year.

Opponents of Northern Gateway as expected hailed the vote as the end of the debate. Proponents of the pipeline say the vote results mean they have to try harder. The one advantage Kitimat has right now is that its economy is doing well based on the expansion of the legacy aluminum smelting business and the promise of LNG development which, because of the nature of the product, is not as fiercely opposed. If Northern Gateway had been the only major source of jobs and economic development in the community's future, the results may have been different.

Having local residents opposed to hydrocarbon development is not uncommon. Across Alberta residents are often opposed to oil and gas activities that take place close to their houses. In fact, this increasingly applies to all manner of industrial activity including cellular phone towers, power lines, shopping centers or roads.

This plebiscite won't make it any easier for Northern Gateway. Nor does it signify the end of the debate.

U.S. Oil Production Continues to Grow

Canada's greatest and only major customer for its oil production continues to grow domestic supplies. The U.S. Energy Information Association reported on April 15 that production from tight oil shale formations in that country will rise by 65,000 b/d in April and another 70,000 b/d in May. This will increase production of oil from this source to about 4.4 million b/d, just about half of total U.S. output and about the same as Canada's oil production from all sources – conventional, bitumen and shale oil. In the Bakken, production in North Dakota will finally bust through 1 million per day next month. This was delayed by the extremely cold winter which impaired drilling, production and other operations. The Eagle Ford shale's oil production in south Texas will reach 1.38 million b/d in May. Production from both these areas was almost zero only a few years ago.

Two other areas of development that will contribute are the Permian Basin which will reach 1.45 million b/d of shale oil in May, and the Niobrara shale oil play in Colorado which will reach 311,000 b/d.

Natural gas production from the Marcellus shale alone will reach 14.7 bcf/day in May, substantially more than total Canadian production.

Canada to Ship 500,000 b/d by Rail by End of Year

How can the Obama administration delay a decision on the Keystone XL pipeline yet again past the upcoming November's U.S. elections and the Canadian oil industry or its investors not care? Because crude-by-rail is filling the oil export void at an amazing rate. According to an article in the April 17 edition of the Financial Post, new research from Calgary investment bank Peters & Co. says that by the end of 2014 Canadian railroads will have takeaway capacity of 500,000 barrels of oil per day. This goes a long way to overcoming all export pipeline delays from Canada. Rail currently carries 250,000 b/d and Peters & Co. figures this figure could be as high as 1.5 million b/d by the end of 2015.

Because of higher bitumen demand due to increasing coking capacity at U.S. refineries and higher takeaway capacity from storage hub Cushing, Oklahoma to the Gulf of Mexico, Canadian crude discounts are shrinking and North American prices are rising closer to international levels.

On Thursday April 17 the spread between Brent (\$US 109.18) and WTI (\$104.08) was only \$5 a barrel, the lowest in some time. Edmonton Par was at \$US100.02 or more like \$Cdn111 after factoring in the increasingly attractive Canada/U.S. dollar exchange rate. Western Canada Select closed at \$US85.12 or \$Cdn94.58 a barrel. This is about \$40 a barrel more than this same barrel was fetching early last year when North America's oil plumbing was backed up right to the bitumen processing plant gate in northeast Alberta, depressing prices industry-wide.

Shipping crude by rail is not cheap, costing \$15 to \$20 a barrel to get it to the Gulf Coast in the southern U.S. This is more than double the cost of pipeline. But companies that have access to their own oil

transloading facilities (many have these built or underway) can cut their rail shipping cost closer to \$10 a barrel.

Regardless, the narrowing of differentials (or the increase in the wellhead price of Canadian production) created in part by increased crude-by-rail capacity has more than offset the cost of shipping oil to market one tank car a time. This has resulted in a general positive impact on the entire upstream Canadian oil and gas industry.

From the Thursday Files

Good words are worth much, and cost little.

George Herbert