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Another soft year for crew numbers. Perhaps the recent and upcoming mergers (of seismic companies) signal the bottom of the market for our industry - as in the floor. Canada's oil exports to the USA continue to grow whereas natural gas needs to find a new market given the saturation of shale gas in the USA. Petronas is pushing the BC Government to announce LNG taxes prior to the end of October 2014 or potentially face ten years of further delay. It is hard to say who will blink first but a positive investment decision would help our market tremendously.

As well the USA midterm elections are coming in early November. As usual it is too close to call however a Republican majority in the Senate could force Obama into a more difficult corner as it relates to delaying a decision on Keystone. Some excerpts from a couple of interesting columns for Energy Now follows on these matters:

A brave view in an uncertain world: Why Canada's energy boom remains on course despite sliding prices by Claudia Cattaneo FP | October 16, 2014 | Energy Now – www.energynow.ca

With oil prices skidding near four-year lows and Canadian energy shares feeling the pain, it's hard to stay optimistic. But a new report by HSBC Global Research argues Canada's oil and gas boom remains on course.

The 20-page report, authored by HSBC Bank Canada chief economist David Watt, says the unprecedented boom in capital spending in Canada's natural resources sector is here to stay, with major projects currently under way or planned in the next decade worth \$675-billion.

"Natural resources investment has been quite firm in the post-financial crisis, a trend we expect to continue, despite recent commodity price volatility," Mr. Watt writes in the Oct. 15 report.

It's a brave view in an uncertain oil world.

Global oil price and market gyrations lately added to many Canadian worries — whether proposed pipelines are moving ahead; whether First Nations could stand in the way; whether fiscal terms, environmental legislation, political agendas could weaken the economic case. Oil bounced back sharply from a four-year low Thursday, closing at US\$82.70, reversing the steep selling of the past two weeks.

We expect U.S. imports of oil from Canada to continue to rise

Still, the volatility doesn't alter Canada's unique attributes as a major energy producer: giant oil and gas deposits, the expertise to extract them, sound regulation, a legal system that protects property rights, and a social conscience and supportive governments. Investors who believe that a growing, more affluent

world population needs more energy are better off investing in Canada than in the few remaining energy producing jurisdictions that still accept their money.

To be sure, the oil price downturn could curtail spending in the short term as producers adapt. The silver lining is that they will also temper rising costs.

Mr. Watt argues that natural resource investment in Canada will remain a key driver of overall business investment. With the vast majority — more than 75% — of the major projects planned or under way in the energy sector, most of it will flow to Alberta and British Columbia.

“Alberta (current population: 4.1 million), thanks largely to the oil sands, has surged past Ontario (current population: 13.6 million) to become the leading investment destination in Canada. The 10-year outlook for natural resources investment ... will even more firmly entrench the westward shift.”

The report argues that oil will continue to be exported to the United States in the next few years — a prediction that conflicts with efforts by Canada to diversify its oil markets in Asia and Europe.

“With Canadian oil production expected to continue to increase and the U.S. still the destination for over 98% of Canadian oil exports, we expect U.S. imports of oil from Canada to continue to rise,” the report says. “In coming years, as oil exports double from 2.2 million barrels a day to 4.5 million barrels a day in 2025, and exports increase from 67.1% to almost 76% of oil production, we look for Canada to eventually account for over 40% of U.S. oil imports.”

But natural gas will find its way elsewhere because the U.S. market is saturated. While in competition with other suppliers of liquefied natural gas, the report argues Western Canadian gas still has a major advantage — proximity. “Proposed Western Canadian LNG export facilities would be between 3,500 and 4,000 nautical miles from Asian ports, while U.S. Gulf Coast projects are between 9,000 and 9,500 nautical miles from Asian markets.”

U.S. midterms: Stage may finally be set for Keystone XL vote by Canadian Free Press | October 13, 2014 | Energy Now – www.energynow.ca

A certain Canadian pipeline appears poised to spring back to the top of the American political agenda, with the upcoming congressional elections setting the stage for a vote on the long-delayed Keystone XL project. Republicans have all but declared that they would try to use their new dominance in Congress to push through a Keystone bill, should they win the Senate in three weeks as many predict. The pipeline issue had been a little more dormant in Washington since the spring, as foreign crises came to dominate the political agenda while the Keystone process was mired in a regulatory delay. That period of relative calm appears poised to end. “It’s very, very likely that there will be a Keystone bill fairly early on in 2015,” Ben Lieberman, a counsel on the Republican-controlled House energy committee, told a gathering last week at the Wilson Center think-tank. Of course, lawmakers have attempted to ram Keystone legislation onto the

president's desk before. Such efforts stalled in the Senate, where the Democratic leadership prevented a vote. What would be different now, Lieberman said, is that the Senate calendar would no longer be controlled by Democrat leader Harry Reid — who was determined not to allow a Keystone vote onto the floor lest it cause divisions in his caucus, alienate his party base and donors, and create a painful dilemma for the president. Even if Keystone backers fall short of a filibuster-proof 60 per cent of Senate votes, Lieberman said, the legislative game will have changed. He said there would be all sorts of new strategic possibilities. One would be to stick a Keystone provision into a must-pass spending bill, something President Barack Obama be loath to veto, and force him and his congressional allies into one of two options: Approve Keystone, or scrap the whole thing. "That raises the question," Lieberman said, "What would President Obama do if a Keystone bill reaches him?" That very quandary lies at the heart of a piece published by Karl Rove, the prominent Republican strategist and fundraiser. As he described a possible agenda for a Republican-controlled Senate in an Oct. 9 op-ed in the Wall Street Journal, Keystone was one of the very first things he mentioned. "Will (Obama) spend two more years polarizing Washington, attacking Republicans' motives, complaining about GOP obstructionism, and circumventing Congress in lawless, even unconstitutional, ways?" Rove wrote. "Or will Mr. Obama try to salvage his presidency by doing what other presidents — Ronald Reagan, Bill Clinton and the two Bushes — did after electoral setbacks, which was working with the opposition party?... "Right out of the box, Republicans should move quickly on proposals where they and the administration agree, such as giving the president (fast-track) authority to negotiate trade deals that receive an up-or-down congressional vote, or on issues that have significant support from Democrats, like the Keystone XL pipeline." Virtually every published election-prediction model predicts the Republicans winning the Senate. The likelihood of a GOP takeover ranges from 58 per cent according to statistician Nate Silver, to 94 per cent according to the political scientists at the Washington Post's Monkey Cage blog. A Keystone bill could be just an early example of the new dynamic that would bedevil the president in his final two years in office, with bills getting to his desk that he might rather veto than pass. Canada's ambassador to the U.S. doesn't want to pick sides. In an interview, Gary Doer went out of his way to avoid describing the pipeline dynamic as Republican-versus-Democrat. He points to West Virginia as one example where the Senate candidates for both parties have expressed support for Keystone. One of them will replace the soon-to-retire Jay Rockefeller, who sided against the pipeline. "West Virginia's interesting," Doer said, "because it goes from a No vote to a Yes vote no matter who wins." In a similarly non-partisan vein, Doer points out that a task force of people with varying political affiliations, led by former CIA boss David Petraeus and ex-World Bank boss Robert Zoellick, strongly endorsed the pipeline in a just-released report for the Council on Foreign Relations. But pipeline opponents say all these names, and all these bills, are just hot air. "When it comes right down to it, the only person who matters (here) is Barack Obama," said Jason Kowalski, the U.S. policy director at the group 350.org. "President Obama will decide whether this thing is built or not.... Surely the election will change the political dynamic in the U.S., and it's definitely a big factor, but at the end of the day it's still the president's decision." The president pushed back, aggressively, when congressional Republicans tried to

force a decision on Keystone before the 2012 election. Arguing that it couldn't comply in time, the White House essentially rebooted the regulatory process. Since then it has repeatedly pointed out that, legally speaking, this issue belongs to the executive branch, which must conduct a review of public and inter-agency comments through the U.S. State Department. Another delay this year came when the State Department said it couldn't pass judgment, as the route was under dispute in the Nebraska court system. None of that has changed. A verdict from a Nebraska court appeal might still be months away.

From Brainy Quotes on the Internet:

Never give up, for that is just the place and time that the tide will turn.

- **Harriet Beecher Stowe**