



Our oilpatch needs Christmas miracle

Written by Heather Douglas, President & CEO
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The Alberta oilpatch can expect a Christmas miracle, said Mr. S. Claus, president and CEO, Santa's Packaging & Financial Forecasting Inc.

"The provincial government has conducted a robust flurry of studies and consultations and, in 2010, Alberta will regain its rightful place as the star atop Canada's economic tree," he said.

In a follow-up interview, the Day-by-Day Oil Bulletin reported that Alberta has decided to revise its royalty regime, attract global financial capital, stimulate trade and commerce, and enable the oil and gas industry to create challenging jobs for the unemployed.

"Evidence of this phenomenon will soon be seen across the province," Claus said.

"I anticipate the cold weather will cause a spike in natural gas prices, drilling contractors will be hired to explore for oil and suspended wells will be pumping once more."

"By next Christmas, Alberta will be well-positioned as a leading energy super-power," he said with a chuckle.

The Calgary Chamber of Commerce commends the province for undertaking its Natural Gas and Conventional Oil Investment Competitiveness Study.

Most, if not all, of our members benefit from a healthy energy industry -- including our dry cleaners, car dealerships, computer techies, hair salons and engineering consultants.

Chamber members are pleased the government is developing a long-term energy vision. They like the fact Alberta is working to establish an attractive framework for investors and producers.

Our companies believe certainty of rules and competitiveness in the fiscal and regulatory regime will attract the global capital markets to fund projects.

They are encouraged by the potential for technological innovation. Our members are eager to have all Canadians understand the benefits of this dynamic sector.

According to the Canadian Energy Research Institute (CERI), the oilpatch has the potential to create a \$2.9 trillion GDP impact on Canada's economy (2010-2035). This amounts to \$311 billion in taxes to the federal government and \$189 billion to Alberta, plus \$12 billion a year in royalties to the province.

Today, the industry represents 42% of Alberta's GDP with \$23 billion (or 15%) coming directly from upstream operations.

Once the oilpatch gets busier, CERI estimates it will create multiple millions of person years of employment within the province and across the country.



All Canadians will profit from Alberta's energy wealth.

The Chamber offers these recommendations to help Alberta again become the engine of Canada's economy:

- Attract investors by ensuring adequate upside return potential to compensate for investment.
- Build investor trust and confidence by creating a predictable and stable royalty regime (fewer short-term incentives and wait at least five years before conducting another major review).
- Establish a royalty mechanism for the development of emerging unconventional resources (shale, tight and sour gas).
- Develop alternate fiscal and regulatory frameworks to recognize the fundamentally different nature of various extraction methods (enhanced oil recovery, shale gas) and resource plays (from one-well to multi-well projects).
- Consider a consolidated approach to environmental assessment, public and Aboriginal consultation for intensely developed regions.
- Encourage the development of new recovery and environmental technologies through various taxes, royalties and other incentives.
- Create a permanent and on-going forum for constructive dialogue with industry, investors and regulators.