

Butte in the State of Montana. Canadian-Montana Pipe Line Company was first organized during the Korean war when heavy demands for gas from Montana industry, and in particular the Anaconda Copper Mining Company, required The Montana Power Company to look to Canada for additional supplies of gas.

When the Canadian-Montana Pipe Line Company applied for its act of incorporation in 1951, its sole purpose was the construction and operation of a pipe line from the Pakowki Lake area in Alberta to the Alberta-Montana border. Accordingly its statutory powers were drafted with that purpose in mind. I might say that the Pakowki Lake area is about 50 miles south and a little west of Medicine Hat. In addition, in 1951 the governments of Canada and Alberta had not yet defined their present gas export policies, and this was reflected in the drafting of the act of incorporation.

Since 1951 the governments of Canada and Alberta have adopted policies encouraging the export of natural gas, and the Canadian-Montana Pipe Line Company has from time to time received permits allowing it to export increased quantities of natural gas from the Pakowki Lake and adjacent areas to service the Montana market. The Canadian-Montana Pipe Line Company has accumulated earnings in respect of its pipe line operations which it now wishes to invest in the exploration and drilling of natural gas in Canada. By so doing, these funds will be used in the development of the Canadian petroleum and natural gas industry instead of being returned to the parent company in the United States.

Pursuant to a 1962 amendment to section 83A of the Income Tax Act of Canada, companies whose principal business is the operation of a pipe line for the transmission of oil or natural gas may deduct, in computing their income, expenses incurred in exploring and drilling for petroleum or natural gas in Canada.

The purpose of this bill is to grant to the Canadian-Montana Pipe Line Company authority to explore and drill for natural gas and oil and, further, the authority to acquire by licence, lease and other means, property rights in lands where it is intended to explore and drill. It should be noted that, aside from the express grant of drilling and exploration powers, the powers which the applicant is requesting in this bill are those which are now commonly granted to pipe line companies incorporated by special act of Parliament.

The petitioner presently employs about fifteen persons, all of whom are Canadian citizens, upon its operations in Alberta. The petitioner's present operations are restricted to the transmission of natural gas by two 16-inch pipe lines. One pipe line of 18 miles

length connects the Pakowki Lake area to the international boundary between Alberta and Montana. This pipe line is used to transmit natural gas, purchased by the petitioner from Canadian-Montana Gas Company, to the international boundary where it is sold to the parent company, the Montana Power Company. The Canadian-Montana Gas Company from which it purchases the gas is a wholly-owned subsidiary of the Montana Power Company. Its second pipe line is of four miles length and connects the Cardston area of Alberta to the international boundary and is used to transmit natural gas, purchased from the Alberta & Southern Gas Company Limited, to the international boundary where it is sold to the Montana Power Company.

The petitioner itself owns no real property except the land and easements upon which its pipe line facilities are located.

To date the petitioner has taken no steps to undertake exploration and drilling in Alberta because it is without statutory power to do so.

Hon. Mr. Horner: May I ask what is the size of the pipe in the shorter line?

Hon. Mr. Cameron: Sixteen inches—they are both 16-inch pipes.

If the company is granted the extension of powers sought by this bill it will immediately take up mineral rights from the Alberta Government for the purpose of conducting exploration and drilling.

The Canadian directors of the Canadian-Montana Gas Company are J. E. A. Macleod, R. J. Burns, M. E. Lomas and H. B. Tiffin. The first three named are solicitors of the City of Calgary, and Mr. Tiffin is a geologist of that city.

If the bill receives second reading I propose to ask that it be referred to the Standing Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Cameron: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

Hon. A. K. Hugessen: Honourable senators, in connection with this motion I would like to mention that there is to be a meeting of the Standing Committee on Transport and Communications on Thursday morning next. As this seems to be a very simple bill perhaps it could be dealt with by the committee at that time, provided the incorporators are ready to proceed.

Hon. Mr. Cameron: I will try to have them here at that time.

Motion agreed to.