

boundary of the province and will be in a position to offer transportation to these areas as soon as sufficient production develops.

Exploration and drilling in these far northern areas present many difficult problems. One well in this particular area could cost \$1½ million or more to drill. There are no roads, and the country generally consists of muskeg. Therefore all major activities, including drilling and pipeline construction, have to be undertaken in winter when materials can be brought in by tractor train over the frozen terrain. It is expected, as I have already indicated, that there will be excellent results from exploration carried out this past summer, and more particularly from the drilling to be undertaken this coming winter. It is in anticipation of these developments that the Rainbow company is seeking permission to incorporate, so that it will be able to extend its line, if permission is granted by the National Energy Board, to serve production in the Northwest Territories as quickly as possible and without needless delay.

It will be appreciated by honourable senators that a federal charter is required for this purpose because a purely provincial company cannot extend its line over a provincial boundary and into the Northwest Territories. If, as is confidently expected, significant oil discoveries occur in the Northwest Territories during this coming winter, it will be important to have a competent, well-financed organization ready to construct a pipe line to transport that oil to market. The reason for the request for incorporation this year is to put the Rainbow company in a position to serve this important need as it arises.

From what I have said, honourable senators will appreciate that because of the limited construction season, confined as it is to the winter months, perhaps a year or more of valuable time could be lost if pipe line companies were not ready to request authorization from the National Energy Board and to proceed with construction if and when these discoveries are made.

The grant of a charter by Parliament is merely the first step. It is the responsibility of the National Energy Board to determine whether a given pipe line should be built and, more importantly, by what company it should be constructed. I am sure the Senate would agree that the Rainbow group, which has already spent so much money in exploration and development of these northern fields and in providing a pipe line connection between Rainbow Lake and Edmonton, should

be in a position where it can apply to the National Energy Board when and if conditions justify the construction of a pipe line to the Northwest Territories.

The Parliament of Canada has a special responsibility for the development of the resources of the Northwest Territories. It is agreed by all that one of the greatest unexploited resources of the territories is petroleum. The key to the development of this important resource is the pursuit of a vigorous exploration program by oil companies. This exploration can and will be undertaken only if there is assurance that the oil, when discovered, can be brought to market. For this reason, I suggest that the passage of this bill is in the national interest. The assurance that a competent, well-financed group is ready to provide pipe line transportation of oil in this area will surely stimulate the development of petroleum resources.

In accordance with usual practice, the sponsors of this bill will be ready to appear before a Senate committee and explain its detailed provisions and full particulars of their plans. It is not appropriate for me to go into these details now, but I wish to make two specific comments. First, in order to avoid confusion between the existing provincial company, Rainbow Pipeline Company Ltd., and the federal company which is being incorporated, the sponsors will ask the Senate committee to consider a change of name of the proposed federal company to Rainbow Pipe Line Corporation. Secondly, the sponsors desire that it be made clear that this proposed federal pipe line, as is the case with the existing Alberta pipe line, will serve all producers in the area without discrimination. These lines will not be limited to the carriage of oil belonging to the four companies which are sponsoring this application.

Honourable senators, if second reading is given this bill, I propose to move that it be referred to the Standing Committee on Transport and Communications. The applicants have assured me their legal counsel and technical experts are prepared to appear before the committee to answer any questions which honourable senators may have in connection with this application and project.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hastings, bill referred to the Standing Committee on Transport and Communications.

The Senate adjourned until tomorrow at 3 p.m.