katchewan; then maybe they will accept the amendment we have put forward.

I can think of many circumstances where our suggestion would be to the advantage of Petro-Canada. For instance, if they were to participate in the early stages at a location adjacent to other land holdings they have, the information which could be obtained through seismic work and other exploration methods would be invaluable to them. As I have stated, the Crown would not really lose anything by making that election at an early time.

Under Clause 32 of the bill, the Crown share, although not transferred to the Crown corporation, would remain intact until Clause 32 came into play. That comes into play when the authorization for a system of producing oil and gas from Canada lands has been granted. It is not until that time that it is mandatory that the Crown share be transferred to another owner. If it is not transferred to Petro-Canada or another designated Crown corporation by that time, it has to be disposed of under the terms of Clause 32(2).

This is the case commonly envisaged under this legislation. It is to be put up at public tender and disposed of only to those corporations which, under Clause 23 of the bill, meet the required standards of Canadian ownership. Therefore, the Crown share is not being lost to Canadians. It will have to be transferred to a corporation with a very significant degree of Canadian ownership.

Rather than Petro-Canada having all these interests over the so-called Canada lands, it would be better served to make selective acquisitions and have the remainder disposed of to Canadians by a process of public tender. I believe that is a process which is used in other jurisdictions.

The second subclause of our amendment refers to the necessity of having a proper working agreement between the Crown corporation—Petro-Canada in most cases—and its partners in any particular area under which the oil and gas rights have been granted under Bill C-48. A working agreement such as this is imperative. It should be concerned with the manner of distribution of costs. Petro-Canada should undertake, as should every other partner, to put up its fair share of the costs under an agreement which is enforceable by law.

I envisage many difficulties if Petro-Canada were to enter into an agreement and then refuse to put up their fair share of the exploration costs. There is nothing the other partners can do. They may write a letter to the president of Petro-Canada but he may well say that the Minister of Energy, Mines and Resources or the President of the Treasury Board (Mr. Johnston) will not give them any money, but maybe it will pay the partners when the government raises taxes again. The partners will be required to finance Petro-Canada's share of the exploration program, as well as their own.

This agreement should also decide, as is common practice in the industry, who is to be the operator of the program and how another one should be appointed if the partners are dissatisfied with that operator. I note that in the legislation the minister retains the overriding authority to designate, if he wants to, Petro-Canada to be the operator. In my submission, a working agreement should be established so that the operator of the program can be determined in the normal manner of the industry.

I think it is essential that Petro-Canada should be subject, as much as possible, to the normal practices which oil companies have developed over many years to facilitate joint operation.

The third subclause deals with the matter of arbitration. I am rather surprised at the leniency of my colleague who proposed this motion but I think the reason he did this is that he wanted to be so reasonable that there would be no possible way hon. members opposite could ever vote against this amendment. This subclause says that if by mutual consent Petro-Canada and the other partners are unable to come to an agreement, then this matter be decided by arbitration. It goes so far as to leave with the Minister of Energy, Mines and Resources the responsibility for drafting rules under which this arbitration might take place.

● (1620)

I think that is extending to the Minister of Energy, Mines and Resources a great deal of discretion. That is something he likes very much and something which in this one particular instance we, in order that hon. gentlemen opposite will not turn down our ideas, are prepared to extend to the minister. However, I would like to make it known that within the areas in which Petro-Canada will be operating on the so-called Canada lands, which I usually refer to as offshore provincial and territorial lands, there are already arbitration acts or, in the case of the territories, ordinances which decide how matters of arbitration should be brought to bear where matters cannot be decided by the parties through an agreement, or where within such agreements some arbitration proceeding has not been laid out, decided upon and consented to already.

It would be my opinion that when it comes to arbitration in a commercial manner such as we envisage here between several oil and gas companies and another oil and gas company which happens to be Petro-Canada, the provincial or territorial arbitration acts or ordinances should apply. However, here we are giving the minister the leeway and the discretion to decide otherwise, should he so wish.

In my opinion, the amendments we have put forward in Motion No. 25 are reasonable and sensible and would be in the best interests of the Crown, Petro-Canada and the private oil and gas industry. I very much hope that they can be accepted by the government.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I want to make just a few brief comments, if for no other reason than to echo those of my colleague, the hon. member for Western Arctic (Mr. Nickerson), who is probably in a better position than any of us in the House to make a critical assessment of the clauses of Bill C-48 we are presently debating.