

GOVERNMENT POLICY IN THE CANADIAN
PETROLEUM INDUSTRY

by R.B. Toombs

Head, Mineral Economics Section,
Mineral Resources Division,
Department of Mines and Technical Surveys

The following notes present some aspects of government policy as it relates to the petroleum industry in Canada. Policy of provincial governments, as well as that of the federal government, is considered. The term "petroleum industry" is taken to include crude oil and natural gas exploration and production, and also the transportation, processing and marketing phases of the industry.

A brief survey of recent trends and the current status of the industry is first given in order to assist the reader in his appraisal of the government role in Canadian petroleum developments.

I. Canadian Petroleum Industry Growth Since 1947

The Canadian petroleum industry has a long history, dating from 1858, but until 1947 it remained small and gave little indication of the spectacular growth so evident today. Following important oil discoveries in 1947, the industry has expanded rapidly and a fully integrated oil economy has now developed. From the producing oil and gas fields of the rather sparsely populated areas of Western Canada, pipelines have been constructed to carry crude oil and natural gas to major centres of population across the country. A large-scale producing industry has been built up and marketing facilities have been continuously enlarged. The growth of the petroleum industry was initiated by fortunate oil-field discoveries; equally fortunate is the fact that the industry has developed as an integral part of a dynamic Canadian economy.

Growth statistics are suitably measured from the base year 1946, the year prior to the Leduc oil discovery. Until then, the growth rate was rather insignificant, but it is important to keep in mind that the first oil discovery in Canada was made in 1858 and oil search had continued at intervals for almost 90 years before the present era of expansion commenced. The Province of Ontario has been an oil producer since the days of earliest discovery. In Alberta gas discoveries were made in the 1890's but the only oil and gas field of any importance until the Leduc discovery was the Turner Valley field, which was first drilled in 1914.