

EXCHANGE OF NOTES (FEBRUARY 26, 1945) BETWEEN CANADA
AND THE UNITED STATES OF AMERICA CONSTITUTING AN
AGREEMENT CONCERNING THE CANOL PROJECT.

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*The United States Ambassador to Canada
to the Secretary of State for External Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

Ottawa, February 26, 1945.

No. 290

SIR:

I have the honor to refer to previous correspondence and specifically to the exchanges of notes of June 27 and 29, 1942,* August 14 and 15, 1942,† and June 7, 1944,‡ as well as to recent discussions which have taken place with officials of your Government, all with regard to the Canol Project.

In the note of June 27, 1942, my Government proposed that the pipeline from Norman Wells to Whitehorse and the refinery at Whitehorse should be operated under contracts with it or by its agents or representatives during the war. I am instructed now to propose that this shall not be construed as requiring that the United States shall continue to operate the pipeline and the refinery until the termination of hostilities, and further to seek the agreement of your Government that the United States may terminate or modify operation of any or all of the facilities of the Canol Project including the products pipeline system when, in its opinion, military considerations make such a course desirable. It is understood that the United States authorities will remain responsible for such care or maintenance of the facilities as they regard as necessary or desirable.

In the exchange of notes of August 14 and 15, 1942, it was provided that at the termination of hostilities discussions should be undertaken at the request of either Government with a view to reaching an agreement in regard to the disposition of the pipeline from Skagway to Whitehorse. Subsequently, by exchange of notes dated June 7, 1944, the two Governments agreed that the foregoing arrangements should apply also to the gasoline distribution lines from Carcross to Watson Lake and from Whitehorse to Fairbanks. My Government now desires to propose that the products pipeline system be evaluated by the appraisers appointed for the valuation of the crude oil system, but as an independent problem.

The exchange of notes of June 27 and 29, 1942, provides for valuation of the crude oil pipeline and refinery at the termination of hostilities at the then commercial value of these facilities. My Government now desires to propose that all the facilities of the Canol Project, including the products pipeline system, shall be valued at their commercial values as of the time or times of the completion of the appraisal, and in this connection it proposes that appraisal of the Canol Project should be initiated within a reasonable time following notice of the termination of operation of the project, or a major part thereof, and completed as soon as practicable.

* For the text of the Exchange of Notes of June 27 and 29, 1942, see *Canada Treaty Series*, 1942, No. 23.

† For the text of the Exchange of Notes of August 14 and 15, 1942, see *Canada Treaty Series*, 1942, No. 24.

‡ For the text of the Exchange of Notes of June 7, 1944, see *Canada Treaty Series*, 1944, No. 16.