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Federal government reaches agreement with Alberta on oil and gas

The federal and Alberta governments have signed an oil and gas price, tax and revenue-sharing agreement intended to fully protect Canadian consumers' interests and increase national energy security, Energy Minister Marc Lalonde has announced.

The agreement was signed by Prime Minister Pierre Trudeau and Alberta Premier Peter Lougheed in Ottawa, September 2. The two governments had been negotiating toward an agreement for the past year and a half. The agreement determines the allocation of an estimated \$216 billion in revenues to the federal and Alberta governments and the petroleum industry in Alberta over the five-year four-month period to end in 1986.

The new pact allows Canada to pursue "even more vigorously the objectives of the National Energy Program - security, opportunity and fairness," said Mr. Lalonde.

steadily, under a made-in-Canada formula that will move Canadian prices toward world price levels, and will provide the government and industry with revenues to ensure oil self-sufficiency by 1990.

Natural gas prices will be very favourably priced in relation to oil, rising at a steady 50 cents per thousand cubic feet a year, with Alberta discounting new sales by 30 per cent to fund a new federal program for expansion of gas transmission and distribution systems. In effect, natural gas will be priced at less than two-thirds of the price of heating oil.

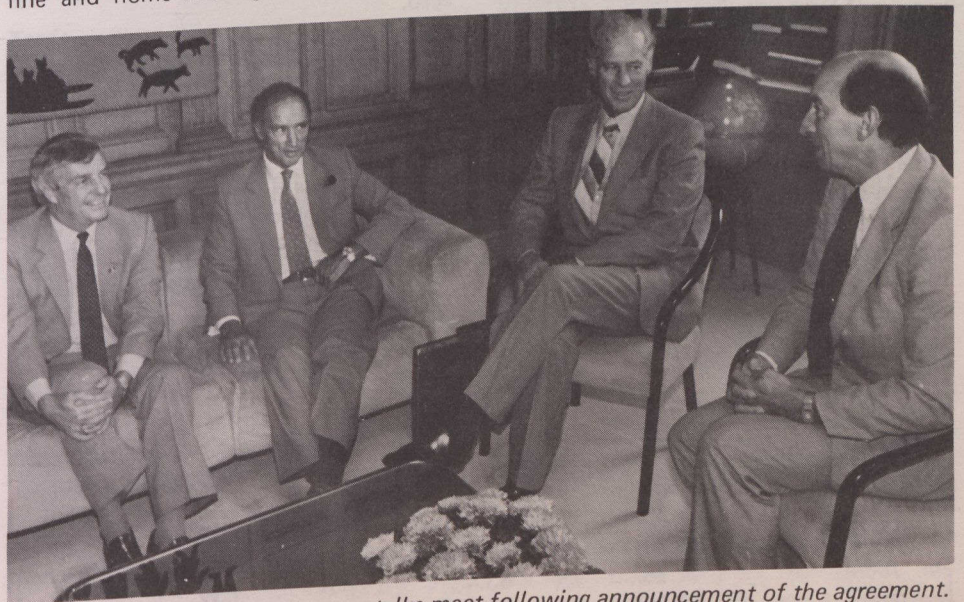
Under the agreement with Alberta, the wellhead price for existing conventional oil will rise by \$4.50 a barrel a year in 1981 and 1982, and by \$8 a year in the years 1983 to 1986, but is not intended to exceed 75 per cent of the world price - that is, the landed price of imported crude at Montreal.

Consumer prices

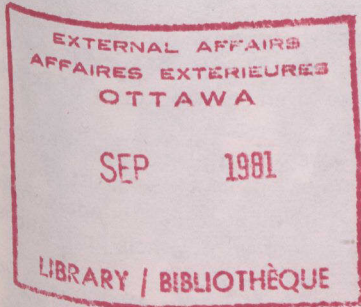
Under the agreement the prices of gasoline and home heating oil will now rise

Energy security

To ensure that new oil supplies are developed - that new projects go ahead in



The four principals in the energy talks meet following announcement of the agreement. (Left to right): Alberta Premier Peter Lougheed, Prime Minister Pierre Trudeau, Alberta Energy Minister Merv Leitch and federal Energy Minister Marc Lalonde.



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