

Supply

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

Mr. Orlikow: Mr. Speaker, I would like to direct a question to the Hon. Member. In a recent issue of *Business Week*, an article on the Exxon Corporation stated that \$4 million to \$5 million was invested in an oil shale plant in Colorado and that the operation closed down before going into production because the price of oil had gone down. An article in a recent issue of *Time* magazine indicated that a large number of oil rigs were mothballed in the Gulf of Mexico, not working and not drilling. The United States has the most pro-business Government, a Government which believes in free enterprise, less control of business and less regulation, which it has had in 50 years, namely, the Reagan administration. That country does not have a Liberal Government or a National Energy Program, yet the energy industry in the United States is a way down from what it was a couple of years ago.

Is not the reason for that situation in the United States the reason for the similar situation in Canada, namely that two or three years ago the price of oil was expected to increase by 10 per cent or 15 per cent a year and that the price in a few years would be \$70 or \$80 a barrel? Is that not in fact the main reason why oil exploration and drilling has either stopped or been reduced dramatically, not just in Canada but in other countries as well, rather than the federal Government and the National Energy Program being entirely to blame?

Mr. Thomson: Mr. Speaker, the Hon. Member makes a good point. It is interesting that he likes to apologize for the National Energy Program on behalf of the Government. I guess the socialists really helped in a lot of ways to create the National Energy Program. It is true that there has been a fall-off in exploration activity in the United States. There are really two parts to the explanation. First, the industry was very badly overbuilt in the United States. In the period around 1977, the industry in the United States was operating almost at capacity, with 2,000 land-based drilling rigs and about 60 offshore rigs in service. That inventory of drilling equipment was very rapidly expanded as the price kept going up, to a level of something over 5,000 landbased drilling rigs in the United States. So you can see, Mr. Speaker, that it increased by 150 per cent in a period of four years. The drilling industry in the United States has returned to about the same level of exploration as was being carried out in 1977 and 1978, and there is a very, very high level of exploration activity still proceeding in the United States with about 2,200 rigs at work.

● (1620)

I would also inform the Hon. Member that I happen to know that the industry is extremely active in the Gulf of Mexico at present. The United States has only a seven year supply of natural gas reserves left and the reserves of gas in the Gulf of Mexico are very sizeable and are being explored very aggressively.

Perhaps the Hon. Member could refresh my memory as to his question if I did not answer the latter part of it completely.

Mr. Orlikow: Mr. Speaker, my question was a very simple one. I asked the Hon. Member whether the drilling for conventional oil or the planning and building for the extraction of oil from shale rock in the United States or the extraction of oil from tar sands in Canada was predicated, by the industry and by the federal and Alberta Government, on the notion that the price of oil would go up 10 per cent or 15 per cent each year so that by the time the tar sands plants came onstream, the price of oil would be about \$70 a barrel and would be competitive with conventional oil. That is not happening, and so I would ask the Hon. Member whether it would not be honest for him to admit that unless the price of oil will go up very substantially in the next few years, it will probably not be economically feasible for anybody, the Government of Canada, the Government of Alberta or private industry, to go ahead with tar sands or with very expensive conventional oil exploration.

Mr. Thomson: First of all, Mr. Speaker, there is a very great difference between oil sands and oil shales. Extracting oil from oil shales in the United States is twice as expensive as extracting oil from oil sands in the Athabasca area of Alberta. Not only was Exxon but a good many other companies were optimistic about making a technological breakthrough that would allow them to recover oil from oil shales at something like \$50 a barrel. In fact, those companies could not make that technological breakthrough that would reduce the cost to that level, and the cost would have been something in the order of \$75 a barrel.

In the case of the oil sands in Canada, I think that it is fair to say that there would have been an advanced oil sands plant today had it not been for the punitive taxation that was introduced by the National Energy Program.

Mr. Skelly: Mr. Speaker, many people in the country and in the House are faced with an interesting conundrum stemming from the immoral and dishonest approach of the Government. I could point to examples of this within the National Energy Program that really stand out. But on the other side of the coin, Mr. Speaker, is the basic dishonesty in the approach of the Conservative party to important questions dealing with the national energy policy.

I would point out that the Conservatives have failed to put one alternative on the record that would be acceptable or reasonable. The Conservatives criticize the Government without taking the responsibility of placing options before the people of the country. The Conservative Party would remove regulations and give control back to the multinational corporations. I would like to hear the Hon. Member from the Conservative Party talk about going to world oil prices and turning control back to the seven sisters in the country, which would basically put Canadian people out to hang.

Mr. Thomson: Mr. Speaker, the Hon. Member says that the Conservative Party does not make any positive recommendations about what it would do. A great many of my colleagues and myself have consistently said that first we would decontrol the price of domestic oil and natural gas and let it move to a market system. Second, we have said that we would scrap the