some $3.7 million in wages to northern workers each year. More than 30 companies in Norman Wells and over 20 companies in other northern communities owe at least part of their annual business to the project.

By revising the proven area agreement of 1994 the government will extend the life of the field by 12 years or more and ensure that these annual expenditures continue well into the next century.

Hon. members can appreciate that Imperial Oil's plan to undertake a $30 million drilling program is extremely good news for northern businesses and communities. Northern businesses will supply about 37 per cent of the goods and services used in the drilling program. They will also benefit from the opportunity to learn up to date horizontal drilling techniques. This capability will enhance future business and employment opportunities for northern firms not only in the Territories but also in northern Alberta and British Columbia where there is currently a shortage of such expertise.

As the minister has already stated, some $20 million of the proposed $30 million drilling program will be spent in the south, mostly in Alberta. Even without the drilling program Norman Wells is responsible for annual wages of $2.8 million in the south.

Looking at this issue from a different perspective, it is clear that Canada cannot afford to abandon a project such as Norman Wells until the field has produced to its fullest potential. This, too, would be an irresponsible course of action. We have significant oil reserves in this country but that is no excuse to be wasteful.

Norman Wells is currently the fourth largest producing field in Canada. It yields about 33,000 barrels of oil a day and generated more than $50 million in revenues to the government in 1992. The Norman Wells field has made an important contribution to Canada's energy supply over the past 40 years. With this amendment it can continue to play an important role for at least the next 25 years.

In 1994 the agreement was thought to capture the entire field and the anticipated termination of the agreement in 2008 was believed to be the full productive life of the field. Today, however, information gathered from prolonged production and advance technology demonstrates that the extent of the field should be redefined and expanded and the expiration date should be extended to capture the full productive capability of the field.

The National Energy Board has conducted an independent review of Imperial's assessments and has corroborated the conclusion that the oil field extends beyond the 1944 boundaries as well as the corporation's projections on the remaining production life beyond 2002.

The National Energy Board's technical assessment supported Imperial's view that effective reservoir management is best accomplished by expanding the existing proven area to include the fringe areas.

The current practice under the Canada Petroleum Resources Act to issue production rights involves a competitive bidding process, but the fringe areas of the field lying outside the proven area agreement are unlikely to be developed if removed from the context of the entire field. There is a risk, therefore, that if the current policy is adhered to sound management of the field would be compromised since the outlying reserves would be left in the ground and maximum recovery of the field would never be achieved.

The proposal to extend the agreement to ensure that full commercial production of the reserves is achieved is consistent with all the federal and provincial oil and gas legislation.

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Given the special circumstances, the proposal to expand and extend the Norman Wells proven area agreement has been supported by the Canadian Association of Petroleum Producers. The proposed Norman Wells amending agreement of 1944 has two components.

First, it marginally adjusts the boundaries of the proven area to capture the fringe areas so that the field is developed as a single entity and, second, it extends the term for as long as there is commercial production.

Production from this field is governed under the Norman Wells proven area agreement and therefore this unique agreement has always been excluded from the Canada Petroleum Resources Act. For this reason revisions to the agreement must also be referenced in the act.

Hon. members should be aware that the proposed changes to the proven area agreement have been reviewed according to the government's environmental assessment process for policy and program proposals. No significant environmental impacts were identified. Nevertheless further reviews will be carried out prior to the approval of the drilling program.

Following a period of restructuring and downsizing, Canada's oil patch is showing signs of a strong and sustained recovery. Exploration and drilling activity has increased significantly. Investor interest is also up. Last year, approximately $6 billion was invested in the Canadian petroleum industry.

In this time of resurgence, Bill C-25 will draw attention to the vast resources and the new opportunities for opening up in the north. Junior oil firms may find the north particularly appealing since these smaller firms can often develop projects that would not be profitable for the more major firms.

With the ongoing development of northern land claims, the affected aboriginal people have indicated a strong desire to participate in resource development projects. The territorial governments also welcome new resource development activity