

*Supply*

request for a rehearing of the case by FERC. Our embassy also organized meetings with several of the key players for the Alberta Energy Minister, Mr. Webber, when he travelled to Washington in mid-January to make the case for fairness for western gas exporters.

● (1700)

Ambassador Gotlieb's letter found a responsive chord in the State Department. In January, the State Department wrote to FERC urging it to grant the Canadian companies concerned a rehearing of the case.

The House will recall that on January 21, Vice-President Bush and Secretary of the Treasury Baker visited Ottawa. During that visit, the issue was raised in vigorous terms by the Minister for International Trade (Miss Carney).

I will not take up more time of the House in describing every step the Government has taken to defend the interests of Canadian gas exporters, but I want to mention that the Secretary of State for External Affairs (Mr. Clark) raised this issue twice with the American Secretary of State Shultz, and each time he elicited a supportive reaction on the part of his U.S. counterpart. The Minister of Finance (Mr. Wilson) wrote to the Secretary of the Treasury Baker. The issue was raised at the Ottawa Summit and finally, further to these discussions, the Prime Minister wrote to President Reagan on May 5.

The text of the FERC decision was received in Ottawa late last week. Clearly, it will have to be reviewed in detail before we can determine what further steps we may take.

I would not wish to create the impression that prospects for an early, positive outcome are bright. I am able to assure the House, however, that we will continue to do all that lies in our power to achieve a satisfactory result.

The House will be aware that the Canadian producers are challenging the FERC decision in the American courts. We have worked closely with the producers and the provincial Governments concerned for the past six months. We will continue to do so in the future.

**Mr. Redway:** Mr. Speaker, the Hon. Member will know that my constituency is not a western constituency or one normally associated with the oil and gas industry. However, I do have a number of companies in my constituency that are very much involved in the oil and gas industry.

In fact, there are major offices in my constituency for Imperial Oil, Texaco, and Shell. In addition, I learned upon coming to Ottawa that there are some 63 different businesses in my constituency—only one of the constituencies in Metropolitan Toronto—that are suppliers to the oil and gas industry in western Canada. Therefore, the future of the oil and gas industry is very significant as far as my riding is concerned and as far as the businesses and jobs in my riding are concerned. Considering those facts, I took advantage of an opportunity to travel to Alberta about two years ago and to tour the oil and gas fields, particularly those around Edmonton

such as the Cold Lake area and the oil sands. I had an opportunity to see Suncor and Syncrude.

As a matter of fact, I also had the opportunity to get out on the Gulf oil rig in the Beaufort Sea. Therefore, I have a little knowledge of the importance of the oil and gas industry not only to my constituency, but to western Canada and Alberta in particular.

I have had discussions with the Hon. Member and I know that he has very strong opinions about one area of the oil and gas industry but about which he did not have a chance to comment in his remarks. It concerns the impact of Dome on the oil and gas industry in Alberta in particular. He has told me that Dome is involved in 24 per cent of the land permits in Alberta, has some 4,000 employees, but has a debt of some \$6.3 billion.

That huge debt and the fact that Dome plays such an active role in the oil and gas industry in Alberta makes it very important to the economy of Alberta. The fact that this huge debt hangs over Dome's head has a stifling effect on the development of the oil and gas industry in Alberta.

Would the Hon. Member comment on that aspect of the control that Dome has over the future of the oil and gas industry in Alberta?

**Mr. Porter:** Madam Speaker, I thank the Hon. Member for York East (Mr. Redway) for his question. The Hon. Member raises an important question about the impact on Alberta of a company as large as Dome, which holds so much of the resource potential in Alberta.

When we consider the oil and gas industry, we should take into account that while a lot of drilling activity takes place, a gas well can be drilled in a matter of hours or days and larger gas and oil wells take somewhat longer. The service sector of the industry becomes involved from the beginning, with the land men who make the original deals with the surface lease owner, to the company that supplies the pipes, cement and materials.

In the town of Brooks in my constituency, with a population of just over 9,000, 53 per cent of the jobs are related to the energy sector. Many of those jobs were filled by rural people who may have faced difficulties in agriculture. There has been 16 per cent to 17 per cent unemployment in that area where 53 per cent of the jobs are in the service sector of the oil and gas industry.

I too have travelled to the tar sands and the Beaufort up north. The Hon. Member can appreciate that pulling 25 per cent of the activity from there, without a stable base, will obviously have a tremendous impact on the whole economy of the energy sector in Alberta generally.

When the petroleum and gas revenue tax was in place, the initial tax at the wellhead was 16 per cent. This included dry holes, since one does not strike gas or oil at every hole. A dry hole in the case of a gas well costs \$600 less to drill than one in