

*Oil and Gas Act*

the best of my knowledge, no better arrangements of this type exist anywhere, and here again other countries have shown great interest in the Canadian example.

There are several governmental agencies in addition to Energy, Mines and Resources that have practical responsibilities related to the offshore, not the least of which are those of the Department of Fisheries, in connection with the conservation of living resources; the Department of Indian Affairs and Northern Development, in connection with the mineral resources underlying Arctic waters; the Department of National Defence, in connection with defence installations and naval operations, and the Department of Transport in connection with the many aspects of navigation and shipping. It is required that the agencies concerned receive advance notice of proposed offshore exploration programs. This notice would include location, nature of program and type of equipment to be used in the program.

For example, the Department of Fisheries and Forestry receives 90 days' notice, the Department of Transport 60 days' notice, and the Department of National Defence 45 days' notice. This advance notice allows time for each of these agencies to react to a proposed exploration program as may be appropriate. An agency may wish, for instance, to have a program modified for some good reason as to timing or location. The Department of Energy, Mines and Resources has, therefore, already put into effect a system of procedures governing offshore oil and gas activities that provides a number of safeguards. The department requires, for example, that operators obtain prior approval by the department for all proposed offshore exploration programs, including each individual offshore well. We are now in need of the statutory authority that would be provided by Bill S-5 in order to enable us to continue evolving regulatory requirements and supervisory controls to keep pace with accelerating offshore activity and technology, and to place us in the position of being prepared to handle the new and complex situation that will arise upon the advent of commercial production.

Hon. members will find the significant amendments to the Oil and Gas Production and Conservation Act in clause 3 of the bill, where the area of application of the act is enlarged by new section 3(b) to cover "those submarine areas adjacent to the coast of Canada to a water depth of 200 meters or beyond that limit to where the depth of the

superjacent waters admits of the exploitation of the natural resources of the seabed and subsoil thereof". This wording is derived from the Geneva Convention on the Continental Shelf, which instrument of international law confirms Canada's sovereign rights to explore and exploit the resources of our submerged continental margin.

The purpose of the next section, new section 3(c), is to tie the subject act into those acts which provide for land disposition matters in the territories and the offshore, the Territorial Lands Act and the Public Lands Grants Act, so that there can be no doubt on the part of the international community as to the extent of Canada's claims to mineral resources in these regions.

Finally, the intent of the last paragraph of new section 3 in the bill is to ensure that there will be no conflict with any solution that may come out of the negotiations which are now going on with the provinces in respect of the administration of offshore mineral resources. Hon. members will note that the amended act would not apply to any area within the geographical limits of a province or to any area where the administration of the oil and gas resources has been transferred by law to a province. Other amendments are chiefly to provide for the participation of officials of the Department of Energy, Mines and Resources in respect of those areas which are the responsibility of that portfolio.

The technical provisions of the act which the House is being asked to amend were explained to the House last April, when the Oil and Gas Production and Conservation Act was moved for second reading. They remain unchanged. I shall therefore not dwell upon them at length, but shall merely reiterate the main purposes the act pursues. Firstly, it seeks to ensure the recovery of as much oil and gas from a given reservoir as technology and economics permit. This means, for example, that the energy in the reservoir, which pushes the petroleum into the well bore, must not be inefficiently dissipated.

Secondly, the act provides for pooling and unitization among the petroleum companies so that an oil or gas field will be operated as if it were owned by one company. This, Mr. Speaker, is to ensure that only the minimum number of wells required for efficient production will be drilled and that these wells will be located at the best possible positions throughout the field. The result, of course, is greater efficiency and lower production costs. Thirdly, the act provides for