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OIL AND GAS PRODUCTION IN CANADA

The following passages from a speech by the Minister of Trade and Commerce, Mr. Mitchell Sharp, to a joint dinner meeting of the Canadian Petroleum Association, the Independent Petroleum Association and the Canadian Association of Oilwell Drilling Contractors in Calgary on February 3 constitutes a concise review of the recent growth of the oil and natural-gas industries in Canada:

...The oil industry was flourishing in 1955. We had Leduc, Redwater, Pembina, and optimism about what lay below every drilling rig. The major pipe-line networks, Interprovincial and Trans-Mountain, were serving Canadian and export markets, and the United States market was still open though import restrictions were a growing probability. Production was about 360,000 barrels per day in 1955, and exports about 46,000. Both would grow through the frantic days of the Suez crisis, and then production and exports would both fall off, though never back to 1955 levels. The present levels of some 800,000 b/d total production, some 275,000 b/d of exports, seemed a lot more easy to reach from the viewpoint of 1955 than they seemed in the years from 1958 to 1961.

GAS IN 1955

In 1955 the gas industry was only an embryo. We knew there was a lot of gas but the market outlets and the necessary means of transportation were still in the negotiation stage. We were importing as much gas into Central Canada as we were exporting from the West – a mere 11 billion cubic feet per year. When Mr. Howe spoke here in November of 1955, he mentioned that the import of Westcoast Transmission Company gas into the United States had just been approved by the Federal Power Commission, so that the last barrier to construction of that great enterprise had disappeared, and an outlet for the locked-in gas of the Peace River area, and natural gas service for the population centres of the British Columbia mainland, could now be established along with a valuable export connection.

His main topic, however, was the arrangement which had just been negotiated with Trans-Canada Pipe Lines by which the Crown would build and own some 675 miles of pipe line across Northern Ontario, which Trans-Canada could not then finance itself, and lease it to Trans-Canada under a purchase option and commitment. That proposal, and the later proposal to lend Trans-Canada up to $80 million to enable it to commence construction, were still to go before Parliament....

A HUGE SALES INCREASE

Last year, estimated sales of Canadian gas, excluding pipe-line fuel and losses, were about 805 billion cubic feet, of which 360 were exported. In 1955 total sales were 132 billion cubic feet, of which 11 billion were exported. While this increase in the rate of production has gone on, remaining proven reserves have continued to climb, from about 19 trillion to some 35 trillion cubic feet.

In the same period, liquid fractions and sulphur resulting from the processing of natural gas to bring it to pipe-line quality have become vastly more important. Where in 1955 there were five or six processing plants, there are now about 70. The marketing of liquified petroleum gases and sulphur has been difficult, but substantial export markets both for lpg's and for sulphur are being built up, in addition to Canadian markets.

(Over)