

SUPPLEMENTARY EXCHANGE OF NOTES (NOVEMBER 7 AND DECEMBER 30, 1946) BETWEEN CANADA AND THE UNITED STATES OF AMERICA REGARDING THE DISPOSAL OF THE CANOL PROJECT.

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*The Ambassador of the United States of America to Canada
to the Secretary of State for External Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

OTTAWA, November 7, 1946.

No. 593

SIR:

I have the honor to refer to your note No. 83, dated August 31, 1945, and to my note No. 366, dated September 6, 1945, in regard to the crude oil pipeline from Norman Wells, Northwest Territories, to Whitehorse, Yukon Territory, and the refinery at Whitehorse, which together with equipment pertaining thereto, have been referred to as the crude oil facilities of the Canol Project. My reply of September 6 confirmed the understanding that the United States would at a later date submit to the Canadian Government plans for the disposition of these facilities.

In accordance with the understanding referred to, there are set forth in this note proposed plans for disposal which, it is hoped, will prove acceptable to your Government. These proposals have been drawn up to give effect to the underlying principle, that, as military considerations are no longer paramount, disposal should be accomplished in a manner designed to recover the fair monetary value of facilities.

It will be recalled that in the exchange of notes of June 27-29, 1942, the two Governments agreed that if neither the Canadian Government nor any private company desired to purchase the crude oil pipeline and refinery, the disposition of both facilities should be referred to the Permanent Joint Board on Defense for consideration and recommendation. It was further agreed in the same exchange of notes that the two Governments would not themselves order or allow the dismantling of either the pipeline or the refinery unless and until approval for dismantlement should be recommended by the Permanent Joint Board on Defense.

In the foregoing connection I understand that it is the view of the competent military authorities of our two countries that the crude oil facilities of the Canol Project no longer have defense value. Accordingly, it seems apparent that the above referred to provisions relating to the Permanent Joint Board are now unnecessary and should be annulled in order that the disposal authorities may have maximum freedom of action. My Government hopes that the Canadian Government will concur in this view and will agree to the annulment of those provisions, thereby permitting dismantlement of the facilities if that course should be desired by the United States authorities or its successors in interest. In the event that the Canadian Government concurs in the foregoing, my Government further desires to propose the following plans to cover the disposition of the crude oil facilities of the Canol Project:

1. It is proposed to advertise the sale of the crude oil facilities in the press of both Canada and the United States. The following general principles will be observed in selling and disposing of the facilities.