

*Oil and Gas Act*

Development and are amenable to the provisions of the act as passed last session. There is no apparent good reason for further delay in implementing the act. Perhaps the minister or his parliamentary secretary will take the opportunity, in closing the debate, to explain the reason for the delay; although admittedly this minister has no direct involvement in the existing act.

Basically, this amendment will bring offshore production under the ambit of the Oil and Gas Production and Conservation Act. The mixed up situation regarding the offshore exploration near Vancouver points out the urgency of an early rationalization of the rules under which the industry is to work. There is something very unreal in the present situation, which sees the industry complying to the letter with the regulations established by the Department of Energy, Mines and Resources, spending large sums of money executing the program demanded of them by the department if they are to keep their permits in good standing, yet threatened with the positive caveat of the fisheries department that if they find something there is no way they will be allowed to recover it.

This is a government that prides itself, and with very good reason in most cases, on taking a business-like approach in its dealings with the business community. I do not for a moment downgrade the importance of the ecological considerations involved in the offshore production of oil. Even if one were disposed to ignore them, the examples are too dramatic and too grave to permit that. It is equally difficult to ignore the anomaly of the conflicting policies of different government departments, each having concurrent jurisdiction, in relation to this aspect of the industry's operations.

**Some hon. Members:** Hear, hear.

**Mr. Mahoney:** It is an aspect which will bring very substantial long term economic benefits to Canada if significant offshore resources of oil are found. The industry has a right to expect an early rationalization of the government's approach. The country at large has a right to expect that rationalization will fairly balance the potential ecological risks against the potential economic benefits.

I am not sure that the "no way" attitude of the fisheries department indicates a particularly objective, scientific or rational approach to a very important problem. It is common speculation, I do not know whether based on fact or not, that existing regulations govern-

[Mr. Mahoney.]

ing the operations of the petroleum industry in the federal field are being reviewed. I accept the speculation as having a considerable basis in fact and I agree that a revision is most desirable in the light of discoveries on and near federal lands. However, there is a tendency on the part of laymen, and I am one of them, to get very excited about an oil or gas discovery and to assume that a single important strike is proof positive that a substantial field has been found. It is equally easy to assume that discovery of an important field in one location will almost certainly be followed by discovery of an important field nearby. All of this is not necessarily so, and the authorities considering revisions of the existing regulations should remember this.

The Prudhoe Bay discovery has given great impetus to exploration in the Canadian Arctic. It has raised our expectation of success to a very high level. The Atkinson Point oil discovery and the Panarctic gas discoveries have all tended to reinforce this optimism. It is all right to be optimistic, but let's not be sanguine.

Prudhoe Bay is an immense oil field, but still only a few wells have been completed and some dry holes have been found on the structure. It is significant that in the great Alaska oil rights sale last fall, the oil companies that had the best access to information, those with actual information in the field, did not pay exorbitant prices for more land. Oil accumulations the size of Prudhoe are extremely rare. The only field of comparable size to be discovered in North America was discovered in east Texas at the turn of the century, 70 years ago. Undoubtedly much more oil will be found in the Canadian Arctic, but the chances of finding a new Prudhoe Bay are slim.

**Mr. Dinsdale:** Don't be so pessimistic.

**Mr. Mahoney:** The authorities should also bear in mind that short of discovering another Prudhoe Bay, our Arctic oil is going to be very expensive where it counts, at its market. Wellhead price is only one consideration. Exploration costs are relatively high. Transportation costs will also be relatively high. Neither Prudhoe nor any other discovery yet made or likely to be made in the future will support the idea that the Canadian Arctic will be another Kuwait.

**Mr. Speaker,** may I call it one o'clock?

**Mr. Orange:** On a point of order, Mr. Speaker. There have been some discussions