

regulations which only it knows—and perhaps even it does not know or perhaps it will change them yet again—and applied them retroactively, because they are going to be put into effect no sooner than April 1, 1986. That is when the grandfathering period begins. The regulations cannot come into effect before then, but the federal Government has taken these regulations and applied them retroactively, using coercion through the Department of Finance to have the Department of Energy, Mines and Resources reduce the number of wells because the Government wants to save money.

The Government is not worried about its commitment, or about the proposition in which it is putting Husky-Bow Valley and others. It is not worried about the future of offshore drilling and drilling on the frontier. The Government wants to reduce its Budget, a plan which it has had in its since it came to power on September 4, 1984.

For the Government to believe it does not have to honour the commitment of a previous Government is ludicrous and despicable enough, but, after it has been in power a year and a half, to say it is going to change its mind again on a program which was implemented and filed in 1983 is ten times worse.

What are the results of the regulations we have not seen? We did not see them in first and second reading or in committee. We are told by Husky-Bow Valley that instead of the seven wells—which it has reduced from 10 in order to be co-operative—it can now only drill two wells. That is all these new regulations will allow. What a stab in the back of this consortium. And the negotiations continued. By the time we had dealt with this Bill in committee we were told that it was probable that the federal Government would up the amount of wells drilled to four. It seems like there has been a flip of the coin or throw of the dice, but we were told that Husky-Bow Valley would be able to drill four wells. That is still down six from what it wanted and down three from what it agreed to in previous negotiations with the Department of Finance and the Department of Energy Mines and Resources. That is literally treachery.

After the last meeting of committee the Minister of Energy, Mines and Resources decided she would throw a few nickels and dimes into the hat as well. She said that Husky-Bow Valley could go for four wells. It is still four. That is the most consistency we have seen for quite a while. It has been a whole two weeks with the same number of wells. Now the Government is going to throw in \$20 million as a sort of sop because the company is going to get stung under the penalty expense, and because Petro-Canada is going to pull out. Petro-Canada is urging the cutting back on its expenses, and on the original commitment and intention of Petro-Canada to explore and develop energy sources, at the urging and instructions of the Government. But the Government tells Husky-Bow Valley that because Petro-Canada is going to back out and leave it high and dry, taking with it its 25 per cent right to funds under the Petroleum Incentives Program, the Government is going to allow the company \$20 million as a sop. That is incredible.

It is no wonder that foreign companies which are watching the Government's actions are inactions, whichever way you

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want to look at it, are completely befuddled as to what is going to happen to our Canadian energy policy. This is no way to run a Government. It is no way to run our energy policy. This is no way to deal with an important economic sector.

What will happen now? Where do we go from here? We have the Estimates. According to the Estimates the Government is reducing the funding under the Petroleum Incentives Program for the fiscal year to \$950 million. Husky-Bow Valley told us in committee that to drill its seven wells would cost in funds under the Petroleum Incentives Program approximately \$300 million. The Government is allowing \$950 million under the Estimates. The Government said initially the company could drill two wells because of the retroactive regulations. If we assume the first two, which were agreed to under the clandestine activity of the federal Government, there are still five wells. The additional five wells would probably cost \$225 million. The Government has allowed \$950 million. The world oil price has completely skuttled whatever intention was left on the part of companies to come in and participate. Why could the Government not fit this into the \$950 million? What the Government is doing is throwing out \$950 million as Petroleum Incentives Program funds for drilling in the frontier, and then snatching it away by regulating the industry so that it cannot qualify. Even if it cost Husky-Bow Valley an additional \$300 million for its wells, we could say that it would be half of what would be spent on the East Coast. Why do I say half? Because Husky-Bow Valley said in committee that on the average between April 1, 1986, to the end of the grandfathering provision on December 31, 1987, there would be an average of four drilling rigs, and that two of those drilling rigs would belong to Husky-Bow Valley. So we would assume it would be using half of the Petroleum Incentives Program funds. The other companies at the most would be applying for \$300 million and, as a rule, 40 per cent of the Petroleum Incentives Programs funds go to the Beaufort. That takes us to \$1 billion. We have \$950 million allocated for this fiscal year. However, this fiscal year ends on March 31, 1987, which means there is still from April 1, 1987, to December 31, 1987, for the rest of the drilling program, when other funds could be allocated. It is a diabolical plot to frustrate activity on the frontier, to hold out money to Canadian companies and then snatch it away by not allowing these Canadian companies to qualify.

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Husky-Bow Valley was the only one to testify before the committee. But there are other affected companies. Because they do not have an investment in drilling rigs, for which they have to recoup funding, they do not face the prospect of losing so much money. In this way they can walk away without suffering the tremendous financial loss which a company such as Husky Bow Valley will suffer.

The treatment which has been dealt to the industry in exploration and the frontier development area is unacceptable to my Party. In no sense of the word can the Government possibly say it is interested in increasing our country's security