

approximately one trillion cubic feet of gas per year in Canada. If the National Energy Board is correct, and surely it is technically equipped to make the assessment, we have 66 years' supply in the conventional producing areas of Canada today. In addition the National Energy Board estimates that there are ten trillion cubic feet in the Arctic Islands, five trillion cubic feet in the Mackenzie Delta-Beaufort Sea area, and three trillion cubic feet off Sable Island. These are discovered reserves. This does not include the "tight-gas" pools in western Alberta.

In December, 1979, the National Energy Board declared a total of 4.25 trillion cubic feet over a period of eight years as surplus to our domestic needs. The National Energy Board's decision to grant this export volume was on the basis of its valuation that the net benefits to Canada in terms of direct cash flows resulting from the export sale weighed against the alternative of keeping the gas in Canada for future domestic use to be \$6.6 billion. In arriving at its decision to allow exports, the National Energy Board stated that the substantial net advantages to Canada from the exports outweighed any uncertainty associated with the security of future energy supplies. The Board stated that these new export volumes would achieve a balance such that adequate supplies for domestic requirements would be assured for a reasonable period into the future but that the level of reserves retention would not restrain the achievement of an appropriate rate of exploration and development.

Approval of the pre-build portion of the pipeline is vital because it will contribute to the financing and completion of the whole project, and the National Energy Board considers it to be in the public interest to dedicate the necessary export volumes until such time as Alaskan gas begins to flow.

The exports allowed through the pre-build section will provide an additional stimulus to the United States to speed up regulatory procedures and financing moves for the over-all pipeline—the Alaska portion and the northern border portion. Pre-building will also extend the timeframe for the construction phase of the entire pipeline project, making it easier for Canadian industry to schedule labour and equipment to meet the project's over-all requirements, and thus allowing increased Canadian content.

In addition, the northern section of the pipeline offers to Canada the advantage of providing future access to Canadian frontier reserves when these reserves prove to be deliverable in economic volumes. Those reserves are in the Mackenzie Delta and the Beaufort Sea.

There are presently 700 firms actively engaged in natural gas exploration in western Canada. A high percentage are independents, almost all Canadian owned, and most are young companies with little or no present production or cash flow.

Concern has been expressed by some, including myself, that many of these small companies with their valuable reserves of marketless gas are susceptible to take over by large American firms. In the last ten years over 100 such firms have been bought out by foreign-controlled firms. Gas exports will allow these firms the cash flow necessary to continue to explore for

more oil and gas reserves. In 1979, 70 per cent of the exploration wells drilled in western Canada were drilled by these independents. Canadian content in the industry is rising rapidly, not by government decree but through the energy and skill of Canadian explorationists. The only factor that can interfere with the growth of Canadian independents is lack of markets, resulting in restriction of necessary cash flow.

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Young independent companies are disproportionately injured by the present restriction in gas markets. I say disproportionately because it is the major oil and gas producers who are selling most of the gas at the moment, and the independents are in a position where they do not have a market for their new-found reserves. Without markets, these small Canadian independents cannot survive in Canada. There is probably not a single Canadian independent oil and gas exploration company today that has not dedicated a very large part of its budget to the United States, or is considering doing so. I wish to emphasize that I do not exaggerate. Mr. Speaker, it is serious and the reason is very simple. Gas and oil discoveries in the United States are immediately saleable. It will be a tragedy if the young Canadian exploration companies are driven out of Canada because of an inability to market their gas and develop cash flows. They do not want to leave, but they have no choice. I do not see how anyone can blame them for leaving Canada in order to survive.

Fifty-eight companies out of some 364 companies involved in the National Energy Board gas export decision will be making their first natural gas deliveries to the pre-built section of the Alaska gas pipeline. In conclusion, the building of the Alaska gas pipeline and exporting gas, surplus to our requirements, will improve the Canadian content of our oil and gas industry by strengthening Canadian producers. This will enable our Canadian producers to sustain the high levels of exploration activity to prove up additional reserves. Additional reserves will allow us to continue to price natural gas domestically on a subsidized basis at something like half of the export price.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but I must advise him that his allotted time has expired.

Mr. Thomson: May I ask for unanimous consent to continue because I need one minute to conclude my remarks?

The Acting Speaker (Mr. Ethier): Is there unanimous consent for the hon. member to conclude his remarks?

Some hon. Members: Agreed.

Mr. Thomson: In summary, the pre-build project will create Canadian investment and jobs throughout Canada. It will improve security of Canadian energy supply by allowing the industry to continue to explore aggressively. It will enable us to continue to subsidize lower domestic gas prices and it will provide a return on investment to Canadian investors.