

*Canada Petroleum Resources Act*

are legislating over lands which we are holding in trust, so we have to be very careful about it.

The Bill does not contemplate a resource revenue sharing agreement between the territories and the federal Government. It does not preclude it, but it is something to which I wanted to allude. I believe it was on May 25, 1985 that the Minister of Energy, Mines and Resources (Miss Carney) said in Inuvik that the Government of Canada would negotiate a resource revenue sharing agreement with the territories, along the lines of those which exist with Newfoundland and Nova Scotia. I urge her to continue in the negotiations so that that resource revenue sharing agreement can be brought into being at the earliest opportunity.

This is not a revolutionary Bill. In a way, it is evolutionary in that a lot of what is in it is something to which Canadians in the oil and gas patch have become accustomed. It follows on the oil and gas regulations made under the Territorial Lands Act and, to a certain extent, on the concepts involved in the Canada Oil and Gas Act when we come down to administrative-type things.

Purists—and among those I would include myself—wonder what has happened to the venerable institution of the oil and gas lease. In this Bill, as under the Canada Oil and Gas Act, the highest form of ownership which someone can have is a licence to produce. In most provinces we have oil and gas leases which give title to the resources contained in the ground. However, under this Bill we are stuck with the highest form of ownership, being the right to produce that oil and gas. I should like to see some explanation given why we cannot go back to the idea of having oil and gas leases.

The exploration licence is another aspect that has been carried over and something to which we have become accustomed. These licences will last for a period of some 9 years unless a significant discovery is made and some new regulations come into play. The licences will be issued on a bid basis. I am pleased to see that we are going into the posting system which has been quite successfully used in Alberta. This is part of the open market philosophy in which people who want oil and gas rights will have to bid openly on them and not make these special little deals with Government, as was the case under the old system. People will bid, presumably, on a basis of cash or commitment. All the terms and conditions should, and under this Act, I presume will be made known beforehand. For instance, if there is a requirement regarding local participation or a requirement regarding Canadian business opportunities, those things will be spelled out in advance, and we will not have one company running to COGLA trying to make some special deal that no-one else knows about.

● (1120)

I would presume, and hope this is the case, that the various licensed areas can be different depending upon the location. If you are exploring for oil and gas in the Sverdrup Basin where it is unlikely you will have significant production for sometime to come, where the drilling of wells is very expensive, you

might need a different regulator in your regime, a disposition of maybe larger areas of land than would be the case say in the Cameron Hills just north of the Alberta border. The disposition ought to be of the same order of magnitude of those just to the south in northern Alberta. There is a difference between the non-frontier areas and the frontier areas proper where you are exploring in virgin territory in an area that is very expensive.

The Bill contemplates the making of drilling orders by the Minister. I would urge that only careful use be made of this provision. I would not want to see the case where a company has oil and gas lands, the seismic work et cetera looks pretty good, but for some reason, and the reason could very well be the one we find ourselves in today, namely, the company has no money because the price of oil and gas is so low, the company loses that land because it could not comply with a drilling order made by the Minister. This power should be used only very sparingly.

I am pleased to see there is no foreign ownership provisions in the granting of exploration licences. I think it is quite proper there should be at the production stage, but at the exploratory stage where there is no production I think it is better to have the maximum amount of money and the maximum amount of expertise brought to bear in finding new reserves for Canada. When we get to the production licences, which I note will be for a 25 year term and extended automatically when actual production is taking place, there is a requirement for 50 per cent Canadian ownership.

As I said before, I feel this to be right and proper. I would go even further than that. I would venture to suggest that we do not need all the exceptions to this that are in the Bill. If we just spell out exactly what we mean by 50 per cent Canadian requirement and make it a condition of getting a production licence, I think that would suffice. Maybe you would want to give a little discretionary authority to the Minister, but if you spell out all kinds of exceptions in the Bill they will become the rule rather than the exception and people are likely to take all kinds of advantage.

With respect to development orders contemplated under the Bill, I want to say the same thing that I did about drilling orders, but to make the case even stronger. If we look at the experience in Saskatchewan with the potash industry where the Government used its authority to tell people: "You develop a potash mine or you lose the right to that ground", we will note that everybody put new mines into being in an era when you could not sell all the resulting potash. That did not make economic sense. The idea of development orders is something you need in the Bill, but the provision should be used extremely sparingly, otherwise we could have an improper allocation of resources and flood our own markets. We have to be very careful about that provision.

The provisions with respect to subsurface storage leases, what is contemplated here I would imagine is the underground storage of crude oil, natural gas or maybe even petroleum products. If you read that provision in the Bill, the clause