

Possible Takeover of Home Oil Company

merely the trustees of this vast accumulation of wealth which nature has placed under our soil.

The Canadian Parliament must decide whether or not in the development and sale of these vast quantities of oil and gas Canadians will get a piece of the action. They have not been getting a piece of the action. Approximately 85 per cent of the oil and gas well production in this country is in the hands of foreign corporations, and 99 per cent of the oil refining is in the hands of foreign corporations.

We will never get a piece of the action unless there are developed in Canada several major oil producing companies. We have a number of independent producers and small companies, but we have never been able to develop a major company. One of the few companies which has any hope of becoming a major producer of oil is the Home Oil Company of Calgary. That is why it is so important we consider this matter now. I am convinced that if the Home Oil Company of Calgary is sold to a foreign company we will lose virtually our last chance as Canadians to have a piece of the action in the development of the oil industry of Canada.

It has been known for some time that the Ashland Oil Company of Kentucky has been seeking to buy out Canadian companies. Last year it bought up Grid Oil and recently has been dickering with Mr. R. A. Brown, president of Home Oil. Mr. Brown owns over 50 per cent of the shares of Cygnus, which in turn owns over 10 per cent of the voting shares of Home Oil and also a part of the non-voting shares of Home Oil. Although he has only 10 per cent of the voting shares, Mr. Brown has effective control of the company.

Home Oil is important, not only because it is one of the few remaining Canadian-owned oil companies and is large enough that it could become a major producer but also because last year it bought \$52 million of the equity stock of Richfield Oil, a United States company which has been doing exploration work on the north shore of Alaska. This was an attempt by a Canadian company to get into the northern oil picture.

Home Oil also owns 10 per cent, and a year ago owned 15½ per cent, of Trans-Canada Pipe Lines. It sold half a million shares last year and now has over 800,000 shares, or 10 per cent of the equity of Trans-Canada Pipe Lines, which makes it the second largest shareholder in Trans-Canada Pipe Lines. Most people interested in the oil industry have known that these negotiations have been going on for some time, but it has been difficult to obtain definite information. A week or two ago I asked the Minister of Energy, Mines and Resources if he could tell the House whether a virtual agreement had been signed between Home Oil and Ashland Oil Incorporated.

The minister's reply was that there was no such thing as a virtual agreement, that there either was or was not an agreement. The minister may be technically correct. The fact is at that time a letter of intent had been signed dated January 18, 1971. I think the minister knew about that letter of intent. I believe it would have been better had he told the House frankly that there was to his knowledge a letter of intent. I see no reason, since the information was to become public anyway when filed in

the United States, why he could not have taken the House into his confidence.

What is the effect of the letter of intent? The effect of the letter of intent is that while technically for a while the ownership of Home Oil will stay in Canadian hands, effective control of Home Oil will be transferred to Ashland Oil Incorporated of Kentucky. Mr. Brown will sell some of his shares in Cygnus for the sum of \$10 million and the balance of his shares will be sold for not less than \$8 per share or at a figure above that to be determined, the sale to take place within three months after his death or not later than within ten years. This means that by May 1, 1972, the control of Home Oil to all intents and purposes will have passed from Canadian hands into the hands of a United States company.

The purpose in asking for this debate is to urge the government to make a clearcut statement about what it proposes to do in face of this situation. It is not enough to give us some soothing syrup, to tell us the deal is not complete, that the minister desires to see this company remain under Canadian control and Canadian ownership, and that he has the best will in the world. I am not questioning the minister's desire or his intention. We want to know tonight what action the government proposes to take to ensure that one of the last remaining Canadian-owned and controlled oil companies will stay in the hands of Canadians, and that the one company that has some hope of becoming a major oil producer will remain Canadian so that Canadians will at least receive part of the benefit of the oil industry in their own country.

There are some things the government can do. First of all, the government can do what it did last May when it intervened to prevent Denison Mines being sold, because the Prime Minister (Mr. Trudeau) said that Canadian ownership in the uranium industry should not fall below 40 per cent. We all supported him in that step. There is not much use arguing, as did the Secretary of State for External Affairs (Mr. Sharp) the other day, that there is a difference between oil and uranium and that uranium has been declared to be a work for the general advantage of Canada.

The uranium industry is relatively small compared with the oil industry. Even if Denison Mines had been sold there would still have been uranium mines owned by Canadians and we would have had one of the largest uranium mines owned by the people of Canada through a Crown corporation, Eldorado Mining Company. We would not have been sold out completely. But here is a case in respect of the oil industry where we will be pushed entirely out of the picture if the government does not take action.

I say the situation is sufficiently serious that the government should take the same action it took last May and show some muscle and courage. It should say to Home Oil that this sale will not go through. It is significant that in the letter of intent, as reported in the press, there is a statement to the effect that this arrangement may not be completed because the government of Canada may intervene. The Home Oil Company and Ashland Oil Incorporated know the government can intervene. We on this