

*Boundary Pipeline Corporation*

**Mr. Blackmore:** In a general way Alberta is disposed to keep out of this controversy concerning pipe lines. As the member for Bow River has said, we rejoice that the great Creator has put these gas deposits in the area which has happened to be Alberta. We rejoice that these deposits have been discovered and are being developed in this particular generation in which we live. We are anxious that all the people of Canada should share in the good things that the Creator has given us. How best to share those good things I think we shall have to leave to the people outside of our province to argue until they finally come to a decision.

One thing that I have wondered about while I have listened to this controversy is whether or not the people throughout the country and the members of this house would not like to know something about how these gas and oil developments occurred in our particular generation, and what the principles are upon which the development has been based. In this way the people could form some sort of idea as to whether or not there is permanency in the industry, and whether or not there is a likelihood that there will be extensive developments in the days yet to come.

It seems to me that before we decide to grant a charter to too many companies we ought to give some thought to the problem of whether or not there is an adequate supply to justify the granting of so many charters as are being granted. After all, there is this aspect of the question: It is quite conceivable that some of those companies are asking for charters with no intention whatever of proceeding in a straightforward manner with the development or the delivery of gas and oil, but merely as a financial device to make a good deal of money out of the Canadian people through selling shares. Now, if any such motives should be actuating any of these companies, it seems to me that it would be the duty of this house to give some thought to the necessity of protecting the interests of the Canadian investing public.

I believe that it is quite in order that I spend a few minutes tonight giving the house an idea of how this wonderful oil development in Alberta took place. Oil and gas were in Alberta for generations, but had not been developed to any great extent until recent years. I do not wish to claim undue credit for the administration which is in Alberta at the present time, yet I do not see how any fair-minded Canadian could deny them a large measure of credit for the

[Mr. Murphy.]

development which has taken place since 1935 when the Social Credit government assumed office.

The first thing that government did towards developing the industry was to set up a conservation board in 1938, and give it legal standing. The object of this was as follows. In the Turner valley there was a vast amount of gas escaping from over the oil that was in the chamber. This gas was burning with a brilliant flare which lighted the sky for hundreds of miles. This great flare was destroying the oil industry potential of Alberta at a rate which was positively appalling.

The setting up of this gas conservation board was a step designed to put out the fire that was burning that gas from on top of the oil, because it was realized that if the gas was sufficiently exhausted from above the oil in the chamber it would be impossible to get the oil to come up to the top. The oil would, therefore, lie in complete waste. This was an important measure. As soon as it was adopted every prospective company thinking of coming into Alberta realized that here were measures which would protect the oil productive potential of the fields if the fields were developed. I believe this had a very important moral effect in bringing companies into Alberta to try to find oil and develop it. In a short time the wastage of gas was discontinued as a result of the measures recommended by this board, and the wastage of oil through possible failure of recovery was discontinued. Oil production increased immediately. Again, this would have a moral effect on the companies who were thinking of coming into Alberta.

Now the next important step the administration took was this: They reduced the fees on leases for prospecting. Up to that time the government of Alberta had charged a high fee for the privilege of prospecting, which, to any ordinary individual, would be obviously absurd because certainly we did not want to penalize people who would come in and prospect for oil. We wanted as many people to come in to prospect as possible. Thus the reduction of the fee on prospecting leases was an important step.

The next important step was that after 1941 the government increased the royalty from oil production and placed it on a graduated scale from 5 per cent to 15 per cent. Instead of having a flat scale of royalties on oil brought out of the wells, the royalty charged would, after that move, depend on the productivity of the well, the cost of recovery,