

Mr. POULIOT: And the western region has the longest mileage?

Mr. GORDON: Yes.

Mr. POULIOT: And the shortest mileage is the eastern, the maritime region?

Mr. GORDON: If you are talking about region by region; yes, that is correct.

Mr. POULIOT: Yes.

The CHAIRMAN: Shall paragraph 26 carry?

Carried.

Then we will take paragraphs 26, 27, 28 and 29.

Mr. FULTON: Under other income accounts, paragraph 27; I would like to ask Mr. Gordon if there is any figure included in that total in the form of revenues from oil leases in Saskatchewan?

Mr. GORDON: Yes, it appears in that general total.

Mr. FULTON: Can you tell us—I raised this simply because I remember we had some, shall I say vigorous discussions about it a couple of years ago?

Mr. GORDON: The annual rental earned from our oil leases, in total, amounted to \$326,875.

Mr. FULTON: You use the word "rental", Mr. Gordon: is that the usual form of lease rental payable prior to any production?

Mr. GORDON: We call that rentals, it is revenue from the leases.

Mr. FULTON: From the leases; in other words, there has been no oil production from this planned as such?

Mr. GORDON: That is quite right.

Mr. FULTON: Are you in a position to give us any expectation with regard to the production of oil?

Mr. GORDON: No, I am afraid I cannot do that. I do not know.

The CHAIRMAN: If there are no further questions on paragraph 27:

Carried.

On paragraph 28—sale of land.

Mr. MACDONNELL: I noticed the sale of land is credited to income account. It looks like capitalizing it.

Mr. GORDON: I would like Mr. Cooper to speak to that. These are figures we have argued about many times ourselves.

Mr. COOPER: It would be a capital gain but the amount involved is quite small in relation to the size of our income account.

Mr. MACDONNELL: What do you mean by capital gain; profit?

Mr. COOPER: Excess over the book price, yes.

Mr. MACDONNELL: I was not just clear as to what it meant.

The CHAIRMAN: The Income Tax Department, if it were a private company, would say it was a capital gain, a gain on capital account—any sale in excess of the depreciated value.

Mr. MACDONNELL: I did not realize that.

Mr. COOPER: The sale price, to the extent that it recovers the original cost, would be credited to our investment account; any excess over that is a capital gain; but for our accounting purposes, we account for it through the income account.

Mr. GORDON: It is a matter on which a difference of opinion can exist. There is no doubt about that.

Mr. MACDONNELL: I did not realize as I read this. It seemed at first blush to indicate that this is land which you sold to Abitibi. Would it be a land grant?