

Oil and Gas Production and Conservation

willingly get together. However, the provision is in the bill.

As I said earlier, although standard in many of its approaches to oil production and conservation, this bill, as is expected, has been developed to accommodate the special conditions which exist in the far north. One significant omission is the lack of any provision authorizing the pro-rationing of oil among all producers in terms of market control. It is considered that early unitization will protect each owner within a single oil field, but that it would not be appropriate to require that markets necessarily be shared among several fields. We have set as our objective that we must achieve low cost oil in the north. This means that each well that is producing must produce as close to its maximum rate under as sound engineering practices as is possible. High volume per well means quite simply low unit operating cost.

We know that costs are going to be higher in the north than experienced in southern Canada or in other producing countries, and this must be offset wherever possible. One way of doing this is to encourage high production rates per well. Pro-rationing in the market sense tends to encourage over-drilling. It adds to high operating costs and is usually regarded as a vehicle for high price maintenance. Since northern oil must compete in world markets, artificial devices which operate within a continental framework would simply price northern oil out of the highly competitive overseas markets.

In summary, the bill provides fundamental legislation to permit control of oil and gas production in the Yukon and Northwest Territories which from all current indicators is likely to expand even beyond the greatest expectations of a few years ago. The wise and orderly development of this tremendous potential in the interests not only of the people who live in the region but also in the interest of all Canadians is an important responsibility which now rests upon the government, and at this stage upon the members of this house.

In many respects, this can be regarded as a routine piece of legislation which seeks simply to establish orderly rules of conduct for the industry to which it will apply. However, in addition it will, I am sure, be one of the foundation stones on which this industry will be able to grow and bring about not only a significant contribution to the economic development of the north but also a major contribution to the economy and development of

[Mr. Andras.]

Canada. A discovery like Prudhoe Bay, if situated in northern Canada, would, I am sure, result in this country becoming not a net importer but a net exporter of oil.

• (5:10 p.m.)

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I join with the minister in extending congratulations to all who have made possible the appearance of Bill S-29 before parliament. When I extend congratulations to all who have made possible this important development in our northern resource program they go back over a considerable period in the history of Canada. While it is true that only in the last 10 or 15 years have governments in Canada realized that we have a vast storehouse of mineral wealth north of the 60th parallel, there have been pioneers who caught the vision of our northern potential long before the rank and file of Canadians did, and certainly long before our politicians were willing to accept this viewpoint.

One pioneer I ought to mention is Stefansson who in the decade following 1910 was probably the first Canadian to really appreciate that in her northland Canada had a heritage in resources that exceeded the wildest flights of fancy. Stefansson at first explored under the auspices of the government of Canada. Unfortunately the government later withdrew its support and, as we know, he wound up south of the border where he continued promoting the message, as one who had done considerable exploration and who had lived in the north and among the northern people of Canada, that the northern part of the North American continent was not an austere, formidable, barren and valueless waste but was in reality, as he described in his writings of those days, the friendly north. I suppose he was the first man to promote the idea that Canada is a northern nation, with a northern heritage and destiny. I could mention many other people but I have singled out Stefansson because he was so exceptional and his vision of northern development at that time was unique.

The legislation before the house today I am sure will find support among all parties in the house. It already has found support in the other place. Before being sent to the House of Commons it was discussed extensively in the other place and in committee. Everyone agrees with the principle of the bill and everyone agrees that the time is long overdue for us to take precise and specific legislative action to deal with the orderly development