

I also do not have to tell you that the oil industry has met its competition from outside the country.

We know that supply and demand for petroleum is influenced by many factors, some of which are outside the control of any one country. Reserve and cost prospects must be taken into consideration as well as many other items. The number of areas where petroleum production is commercially profitable is limited. Ninety per cent of the world's proven reserves are situated in two major areas; those bordering the Gulf of Mexico and the Caribbean, and the Middle East. An equivalent of only 40 years' supply is estimated to be in these two areas. They could have a tremendous impact on the supply and marketing situation. In Canada, with the market increasing for petroleum products as in the past at an average rate of 5 per cent, it appears that the industry will continue to invest between \$75 and \$100 million a year in order to maintain its present position in the import market, a major factor in the Canadian economy.

The use of natural gas, both as a fuel and as a raw material, has progressed so rapidly during the past thirty years that it is today becoming one of our chief supplies of energy.

As with oil, Alberta possesses reserves many times larger than any other discovered in the country. Ninety per cent of all the natural gas used in Canada is produced here. Until 1955, the use of natural gas was confined to the southern half of the province. With the completion of the new pipe-lines, this source of energy has been transmitted as far east as the Province of Quebec.

In 1950, Canada had 6,000 miles of natural gas lines. By 1959, this figure had grown to 28,000 miles. The result of this rapid development has been that crude oil and natural gas from the West has been moved into scattered refineries in the east. With the progress that has been made in this short time, it is quite feasible that by 1980, or sooner, this type of energy may also reach our Atlantic provinces.

One cannot exaggerate the importance of the National Energy Board to your industry. You will recall that, prior to its establishment, there existed a rather clumsy system of processing licenses for gas export. I think it can be said that federal agencies in the past have neither been adequately equipped nor properly authorized under the then-existing legislation to assist the petroleum industry in the orderly development of our resources.

The new Board provides a public forum, with a court of record, enabling the applicant to present his case. This was denied under the old system. It also establishes a federal agency through which the industry will have some contact with the American Federal Power Commission. There can therefore be