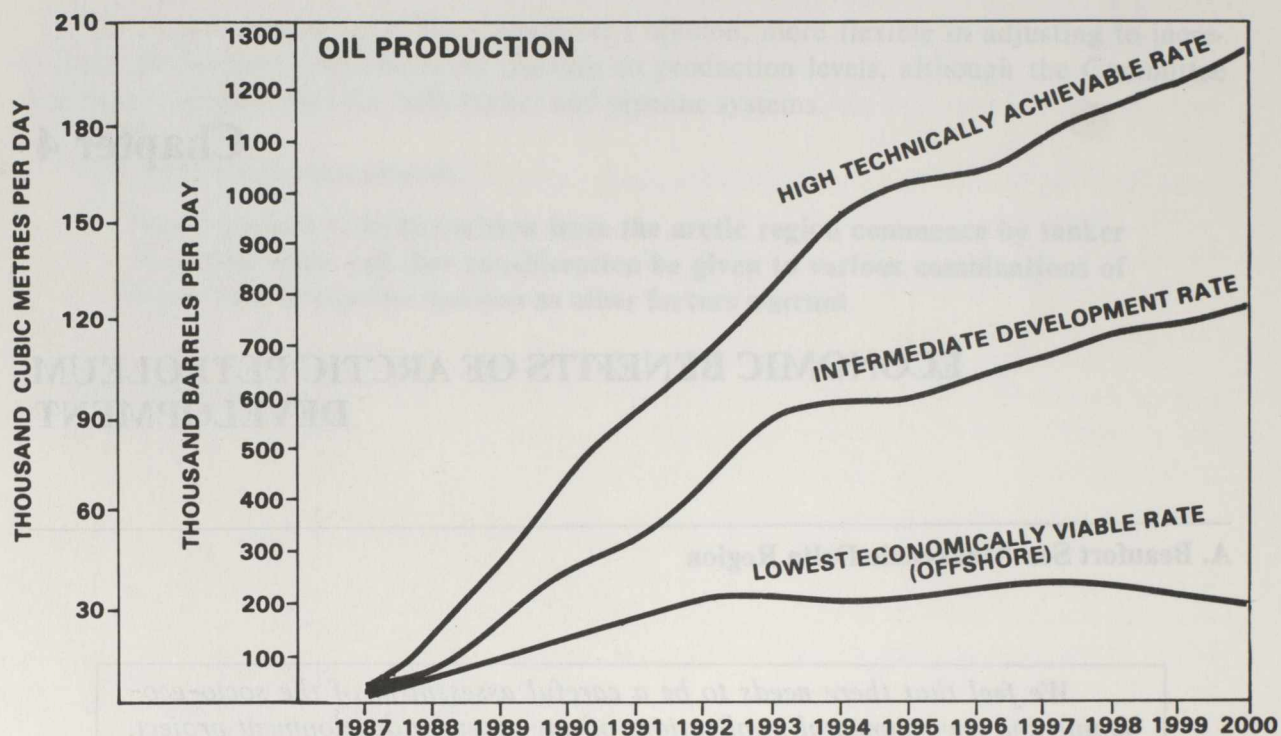


Figure 12: Potential Oil Production Rates



Source: *Hydrocarbon Development in the Beaufort Sea-Mackenzie Delta Region, EIS*, Dome Petroleum Limited, Esso Resources Canada Limited, and Gulf Canada Resources Inc., 1982, Vol. 2, p. 7.1.

We believe that it would be advantageous to transport Beaufort Sea and Mackenzie Delta gas via the proposed Dempster Lateral pipeline. (Mr. D. Motyka, Gulf, Issue 20:28, 23-3-1982)

Third, benefits are predicated on world crude oil prices remaining constant at \$34.00 U.S. per barrel through 1983, and subsequently increasing at a rate of 1.5% to 2.0% above the U.S. Gross National Product (GNP) deflator (that is, in real terms). In fact, real crude oil prices have recently been declining. To the extent that this decline continues or that the above pricing assumption is not realized, oil production rates and future revenues will be adversely affected.

2. National Economic Benefits

The overall economic benefits from development in the Beaufort Sea Region can be broken down into three types of benefits arising from initial petroleum expenditures. Firstly, a direct impact is felt by those industries whose output is directly stimulated by the project expenditures. Secondly, an indirect or so-called "ripple" effect occurs in those industries which supply inputs to the foregoing industries. Finally, an induced impact in the form of a general increase in economic activity is generated by the spending of household income derived from the project.