

Q. There would not be any disastrous repercussions?—A. I do not think so, no. The strange fact about a coal town is that all the coal miners want gas. I have been in towns where the people could get their coal free, yet they put gas in and everybody took it.

Mr. SMITH: You cannot blame them, can you?

*By Mr. Byrne:*

Q. From the information you have available, do you think that the Yellow-head route would economically serve Trail in British Columbia?—A. It could not possibly serve Trail, not in my opinion.

Q. Do you think that the question of markets is a material factor in the development of the Peace River block at the present time?—A. At the present time as there is very little gas which has so far been discovered people are not drilling up there for gas but rather for oil just as they drill everywhere. Gas is purely a by-product in prospecting. Nearly always in a wildcat well what you are after is oil.

Q. Do you think that having an assured market would stimulate the exploration for gas and oil in the Peace River block?—A. If there was a pipe line there I think it would stimulate it, but you must have a very considerable supply of gas before you have a pipe line, and the only way you can get that much gas is by prospecting for oil.

Q. In view of the fact that this pipe line proposes taking the excess of gas from the southern part of the province, do you think that would stimulate the search for gas in that Peace River block?—A. No, it would not.

The CHAIRMAN: Mr. Carter, I think.

Mr. CARTER: I have one or two points that I would like to get clear, Mr. Chairman.

*By Mr. Carter:*

Q. At the bottom of page 1 under the heading of "The Project", your memorandum reads:

"It is proposed to gather natural gas throughout the province of Alberta and, after supplying the actual consumers of that province who can be reached economically and allowing for the potential requirements of those areas, to transport such surplus gas as may then remain available to the Pacific coast to serve first the maximum number of consumers in British Columbia who can be reached economically, and, secondly, with such gas as remains available to serve consumers in the United States Pacific Northwest."

Is it a correct interpretation of that statement to say that it would give priority to the Canadian markets over the markets in the United States?—A. I would like to answer your question this way: there will be a priority on the Canadian market for their potential needs, and the rest of the pipe line capacity will be reserved for the American needs.

Q. It does not follow from this statement that you intend to serve markets in the order given in the statement, Alberta first, British Columbia second, and the United States third.—A. When you have a pipe line and there is enough gas in the pipe line, it is not a question of who gets it first. Everybody gets it. But when gas is scarce due to some calamity or break or something of that order, nearly always there is a cut-off of the industries for the moment. I think no one would object to that. There is a cut-off so that the domestic consumers can be kept going. But as far as we expect, the Canadian market, up to a certain limit which would be as large as was needed, will have the priority. We have to have it in that way because otherwise we would never get by the Federal Power Commission. There would be two markets, one called the Canadian market and one called the American market.