

Mr. Gillies: These regulations must have, for the sake of all Canadians who depend on the north for their future energy, the most careful scrutiny, and I can assure the minister that when they come to the House they will receive such an examination. They amount to a managerial revolution in the operation of the energy industry in Canada, a revolution which, in our view, may not be in the best interests of all Canadians.

● (1730)

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the people of Canada have been waiting a long time for these new petroleum and gas regulations covering the Arctic and offshore areas.

I cannot join with the hon. member for Don Valley (Mr. Gillies) in saying that I welcome the statement made by the minister, but since he is a very persuasive and urbane individual I tried very hard to find something in the statement for which I could commend him.

I did not realize it was quite so good until I heard the hon. member for Don Valley objecting to the fact that there was to be any attempt to make oil companies get ready and drill and to use the permits on which they have been sitting and doing nothing for a long time. I want to commend the minister on the fact that he is going to insist that companies which have taken permits, drill, and that he is going to reduce the length of the permit from 21 years to six years and the length of the lease to a provisional period of five years and a production lease of ten years.

The fact is, Mr. Speaker, of the 920 million acres of sedimentary land in the Arctic, 80 per cent is under permit. The companies have been simply sitting there waiting to see what they could do with this asset. They have been sitting on their assets in many cases doing nothing.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I commend the minister for saying he is prepared to take the necessary steps to get legislative authority to insist that if they are going to hold these permits they must drill and either produce oil, or get off and let somebody else produce oil. I also agree with the principle of a revenue tax through which the Canadian people will share in the revenue produced from any oil or gas discovered in the offshore areas or in the Arctic.

Having said that, Mr. Speaker, I should like to draw the attention of the House to the fact that if one reads the minister's statement and the documents which accompany it very carefully, it is perfectly apparent that we are now going to turn over millions of acres of potential oil and gas lands to foreign companies on leases. This amounts to nothing less than a gigantic sellout.

In the first half of this century this country made a lot of mistakes as to how it leased out its oil and gas lands. We could perhaps have been excused because of our lack of experience, but surely in the last quarter of this century there is no such excuse. I am afraid this government is something like what Tallyrand said about the Bourbons—they have forgotten nothing and learned nothing. We should have learned something from what happened in the

Energy

southern part of Canada. The minister's statement indicates we have learned nothing at all.

I want to deal with two points, Mr. Speaker. The first point is that the minister says that under the new regulations a permittee will be allowed to hold a production licence covering the entire production area within his permit. Most members of the House know that both the oil and gas lands coming under federal jurisdiction and provincial jurisdiction have always had a provision in the past that 50 per cent of the area which is leased belongs to the Crown. This has been done by having a checkerboard system—I believe Alberta was the first to introduce it—by which the black squares go to the permittee and the white squares belong to the Crown. Those Crown reserves could either be put up for cash bid or could be put up for a percentage of the oil production, to be taken in oil or kind, or they could be used by the Crown itself to extract oil and gas.

In drafting these regulations the government had an excellent opportunity to make sure that in any area where oil and gas was found the Crown had a piece of the action. Those Crown reserves would have provided an opportunity for Petro-Canada, on behalf of the Canadian people, to go into those areas, to produce oil and gas and assure that the Canadian people would get supplies at reasonable prices rather than being at the mercy of a gigantic oil monopoly. The government has not done that.

Speaking in the House yesterday the Minister for Energy, Mines and Resources (Mr. Gillespie) predicted a great future for Petro-Canada. I share his desire that Petro-Canada should have a great future. In the statement he made today, however, I see very little future for Petro-Canada except to be a standby. The minister says that Petro-Canada is going to have certain things; it is going to get 25 per cent of any acreage that is returned to the Crown. Mr. Speaker, any acreage that is returned to the Crown will be leftovers that the oil and gas companies do not want.

The minister also said that where an oil company is not carrying on its drilling obligations the government can order Petro-Canada to go into that area and drill. But, Mr. Speaker, he pointed out that the company which has the lease can either agree to pay 50 per cent of the drilling cost and have 50 per cent of whatever Petro-Canada discovers or, if it does not agree to pay 50 per cent in advance, then if Petro-Canada takes the risk in looking for oil or gas and does not get it, it is out that money. If it does find oil or gas, the company holding the lease can step in and, by paying 50 per cent of the drilling cost and a penalty, can still hold 50 per cent of the area on which it, up to that time, refused to drill.

Is that a great future for Petro-Canada? What we are doing is sitting it on the bench and saying that when nobody else wants a lease and nobody else wants a drilling area or somebody has refused to drill in an area, Petro-Canada will be called in. I do not call that an imaginative program for Petro-Canada. As a matter of fact, if the government were serious about Petro-Canada it would have insisted on holding on to the provision which is still true in southern Canada under provincial jurisdiction, and which has been true up until now under federal jurisdiction, of saying when a permittee wants to lease 50 per cent