the only thing that is fair, particularly if it is the intention of the government to be a competitor in the field rather than to deregulate it.

● (1640)

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): All those in favour of the motion please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed, will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five members having risen:

Pursuant to Section 11 of Standing Order 75, the recorded division on the proposed motion stands deferred.

The House may now wish to consider Motion 26.

Hon. Michael Wilson (Etobicoke Centre) moved:

Motion No. 26

That Bill C-48, an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act, be amended in Clause 34 by striking out lines 23 to 28 at page 20 and substituting the following therefor:

"relevant interest, provided that the Crown corporation may only vote its proportionate share."

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, Motion No. 26 is similar in intent to Motion No. 25 in that it addresses Clause 34 of the bill as amended in committee. Clause 34 of the bill as amended states that:

The designated Crown corporation to which a Crown share is transferred—

—in other words, Petro-Canada—

—is entitled to participate and vote, in proportion to that Crown share—

—and that is fine. Then it goes on to say:

—whether or not that Crown corporation has converted the Crown share under subsection 36(1),—

Amended Clause 34 says that Petro-Canada can, in fact, sit at the table as a full voting partner in an enterprise, in an exploration play, even though it has never converted that Crown share to a working share. It has never taken the step called for under Section 36(1). Common sense would dictate, Mr. Speaker, that that is a stupid situation to have in place. It is most common in the oil and gas industry for any exploration play, any well being drilled, any piece of property being explored, for that property to be handled by a consortium of companies. There is almost inevitably a group of companies participating together in the drilling of any particular well that is undertaken or any exploratory program.

The reason for this is very simple; it is an attempt to reduce risk. It is less risky for a company, for example, to have 20 per cent of five different exploratory plays than to have 100 per cent of just one play. If that well turns up dry, the money is gone; it has disappeared. On the other hand, if it has 20 per cent of five different plays, their chance of at least one of them being successful has improved. That is the common practice in the industry. It is a practice that has built up over the years and has worked very well in terms of the interest of the industry and of the economy and society in general.

Therefore, to handle these kinds of situations where you have several partners participating in an exploratory program or participating in a play, a procedure for handling these things has built up over time. Clearly someone has to be in charge of the drilling program. That company is usually called the operator. One company is the operator of that well or of a group of wells, the operator of the exploratory program. The partners sit down and assess what kind of program should be undertaken, for example, where the wells should be drilled, whether they should run a seismic first, how deep the wells should go, what kind of testing should be undertaken. All of these decisions involve the expenditure of a lot of money and, therefore, are carefully considered. Each company has its geologist, geophysicist and engineers examining the available data so that it may come up with the best recommendation. They sit down and discuss that. There are sometimes differences of opinion, in which case a vote is taken among the partners.

There are procedures in these contracts whereby if the operator is not performing to the satisfaction of the other partners they may remove the operator, or change the operator and have another company come in and take over the operation of the well. These are the procedures that are used. These procedures are time proven, well tested, appropriate and proper methods for handling these kinds of situations.

According to this bill we now have some new invention from the gurus, or the academics in the Department Energy, Mines and Resources, people who have sterling academic qualifications but no practical experience in this situation. They say that the Crown should not only steal 25 per cent of the action, as was referred to in the debate on other motions, but, as PetroCan, it should have the right to vote. Yet it will not be a partner with all of the obligations that are called for in the terms of the other partners. The members will be sitting at the table making decisions on where the wells will be drilled, how deep they will go, and so on. But as a corporation it will have nothing at stake. It will be able to influence these decisions with nothing at stake.

Common sense dictates that if you were to enter into a deal with somebody whose vote counts as much as yours, you would want to make sure he has as much at stake as you do. Only a fool would go into a consortium arrangement with people who have the same voting power as he has but under which he would have to put up the money and they would not or under which we would have to put up the property and they would not. Such a situation is absurd.