

(d) Contract with a company or companies to store for the future use of the United States Army, all of the gasoline which may be produced by the refinery at Norman Wells during the operating season of 1942 in excess of what is required for the maintenance of services and enterprises in the Mackenzie District, to operate the pipeline to Whitehorse and to operate the refinery there unless it is operated by the United States Government.

3. My Government further proposes that the pipeline and the refinery shall remain its property, and shall be operated under contracts with it or by its agents or representatives during the war. It further proposes that at the termination of hostilities the pipeline and refinery shall be valued by two valuers, of whom one shall be named by the United States and one by Canada, with power, if they disagree, to appoint an umpire. The valuation shall be based upon the then commercial value of the pipeline and the refinery, and the Canadian Government shall be given the first option to purchase at the amount of the valuation. If the option is not exercised within three months, they may be offered for sale by public tender, with the amount of the valuation as the reserve price. In the event that neither the Canadian Government nor any private company desires to purchase the pipeline and refinery at the agreed price, the disposition of both facilities shall be referred to the Permanent Joint Board on Defense for consideration and recommendation. Additionally, it is proposed that both Governments agree that they will not themselves order or allow the dismantling of either the pipeline or the refinery, nor will they allow any company which purchases them so to do, unless and until approval for dismantlement is recommended by the Permanent Joint Board on Defense. It is understood that if the pipeline and refinery are at any time used for commercial purposes they will be subject to such regulations and conditions as the Canadian Government may consider it necessary to impose in order to safeguard the public interest.

4. For its part, my Government asks the Canadian Government to agree:

(a) to acquire any essential land and necessary rights of way that may be involved in the projects (including the settlement of all local claims in this connection), title to remain in the Crown in the right of Canada;

(b) to waive during the war import duties, sales taxes, territorial taxes, license fees or other similar charges on all equipment and supplies to be used in the execution or maintenance of the project by the United States and all personal effects of the construction personnel;

(c) to remit during the war royalties on oil production, and income tax on the income of persons (including corporations) resident in the United States who are employed on the construction or maintenance of the project;