

Petro-Canada, in its five years of existence, has participated in 72 of 130 frontier wells drilled between 1976 and 1980. It has spent \$330 million in the frontiers during those five years — almost 60 per cent of its total exploratory expenditure. By comparison, industry as a whole spent some 19 per cent of its exploration funds on work in this area.

East coast drilling

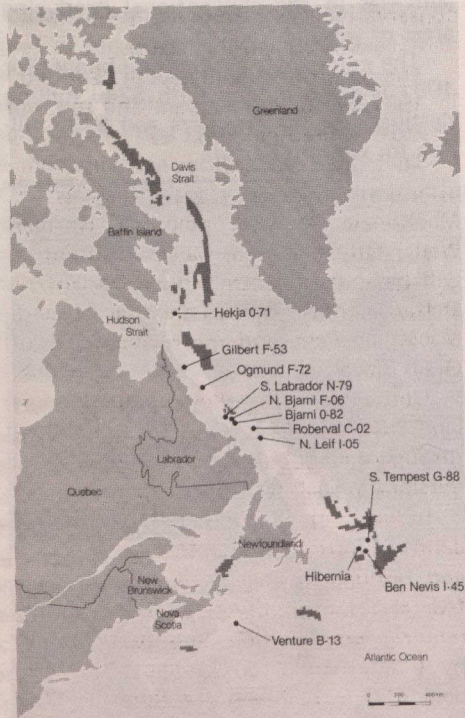
The corporation has particularly emphasized east coast exploration, while Dome Petroleum Limited and other companies have been active in the Beaufort Sea, and Panarctic Oils Limited in the Arctic Islands.

During the past five years, Petro-Canada's east coast investment has reached \$229 million or 39 per cent of its Canadian exploration off the east coast.

"We...believed that having the capability of handling major offshore drilling projects ourselves would help us meet some of our other objectives such as promoting Canadian technology and capturing the spinoff from frontier activities for Canadian industry," said Andrew Janisch Petro-Canada's president.

He said that the corporation is well on its way to that objective and has assembled a first-rate Canadian team of experienced offshore drilling personnel.

"We successfully conducted a three-rig



Areas off the east coast signify Petro-Canada involvement in off-shore exploration. Dots mark drilling locations.



Three Petro-Canada signs including this one in Halifax were unveiled.

drilling program in 1980," he said. "The objective here is to ensure, in the midst of a tight world market, that we have both the equipment and skilled personnel available to Canada in the years to come". Petro-Canada is participating in the construction of two semi-submersible drilling rigs designed for east coast conditions, the first of which is scheduled to be operating in the 1983 drilling season.

Arctic exploration

The corporation has also provided nearly 80 per cent of the financing for the exploration program of Panarctic Oils in recent years in the high Arctic and in combination with industry, helped promote the formation of the Arctic Islands Exploration Group which has made significant discoveries in the North.

Petro-Canada also has a major stake in the exploration and production activities in western Canada. The corporation is also involved in operations in the Peace River Arch oil play, in the Cactus Lake heavy oil area in Saskatchewan, in the West Pembina oil play and in the Deep Basin oil and gas plays. Petro-Canada is also helping to develop gas in northeastern British Columbia and in the foothills.

The corporation is participating in international offshore exploration programs in Norway, Spain and China. A criterion for Petro-Canada's international participation is that the operation must be on commercial terms. Another element

of the corporation's international activities has been technological exchanges with other state-controlled oil companies.

The most significant of these have been: a project with Venezuela in the development of improved technology for heavy oil recovery; a program with Norway for upgrading techniques with geophysical processing capabilities; a technology exchange with ARPEL, the Association for Latin American national oil companies; and an environmental research project with PEMEX in Mexico.

Federal-Saskatchewan energy pact

The federal and Saskatchewan governments have signed an energy agreement that revamps royalty and taxation measures and helps clear the way for construction of a heavy-oil processing plant in the province.

The \$15.4-billion agreement was described as a major boost to the petroleum industry in Saskatchewan and an important step towards the goal of reducing Canadian exports of expensive foreign oil to zero by 1990. The federal government also recently concluded two other separate agreements with the oil producing provinces of Alberta and British Columbia.

The agreement, which expires at the end of 1986 is expected to generate about \$6.1 billion in revenues for the industry, \$5.8 billion for Saskatchewan and \$3.5 billion for the federal government.

Provides incentives

It also lowers significantly Saskatchewan's royalty take, offers new provincially financed incentives for exploration and development and a temporary reduction in a new federal tax on petroleum revenues for heavy-oil upgrading projects.

In particular, both sides agreed to encourage construction of a commercial upgrading plant in the province for heavy oil, a project now being proposed by a five-member consortium which includes Petro-Canada, the national oil company and Saskoil, a provincial Crown corporation.

Saskatchewan will refrain from imposing royalties on such projects while the federal government has agreed the petroleum revenue tax will be reduced to 10.67 per cent from 16 per cent until the plant begins making money.

Wamboldt-Waterfield