

port from Canada of natural gas, which may from time to time be surplus to the reasonable foreseeable requirements of Canada, be permitted under licence.

"It appears necessary in granting licences for the export of gas to do so for periods up to 25 years in order to make possible the financing of the pipe line facilities.

"Two governments must of course be agreed upon any such export. The first is the government of the province of origin. Until it declares gas available for removal from the province, this government can entertain no application for an export permit. After the province has declared gas surplus to its own requirements, the Government of Canada, with the recommendation of the proposed National Energy Board, must decide whether it is also surplus to the requirements of Canada and, if so, upon what terms it may be exported, including the vital and complex question of price.

"The Government of the United States, as represented by the Federal Power Commission, must also decide whether it will approve the importation of the gas, and upon what terms. This raises the difficult problem of whether we should grant an export licence before or after the Federal Power Commission grants the corresponding import permit. We are willing to work out an efficient arrangement with the United States which will satisfy our respective national requirements without hampering the mutually advantageous development of our gas industry. Our officials have already had discussion with appropriate officials of the United States State Department and the Federal Power Commission and we know from these talks that our willingness to co-operate and our desire to reach a flexible and mutually satisfactory working arrangement is reciprocated.

"With regard to oil, it is not the intention at the present time to give authority in the bill for the issuing of export or import permits. However, a section of the bill will deal with this important matter and, if approved by Parliament, will give authority to the Governor in Council to extend the application of the relevant portion of the bill to oil....

SOURCES OF ENERGY

"In the remarks which follow I should like to discuss the importance of this new industry which has developed in Canada largely within the last few years.

"Everyone is aware that we have moved into a new era in the development of sources of energy. The constantly increasing demands for electrical power have stimulated the use of most of the readily available sources of hydro-electric power. Thermal power units, based on the utilization of coal, are being constructed in increasing numbers. Rapid advance is being made in experiments leading to the harnessing of atomic power for the econo-

mic production of electricity. Side by side with these developments there has been a spectacular rise in the production and use of oil and gas and their by-products, and an equally spectacular increase in the installation of pipe lines for the gathering, long distance transmission and distribution of oil and gas and their products.

OIL

"Ten years ago when the Hon. Member for Laurier, then Minister of Transport, was speaking on this subject he estimated that the production of crude oil in Alberta was about 100,000 barrels per day; that after allowing for the Prairie Provinces' requirements of 60,000 barrels per day, there would be a surplus of 40,000 barrels for use elsewhere. He estimated total Canadian consumption at 290,000 barrels per day.

"In 1959, ten years later, we find Western Canadian crude oil production running at a rate of about 500,000 barrels per day, equivalent to roughly 2/3 of the total Canadian oil requirements. For the sixth year in a row, oil was Canada's leading mineral in 1959, its value of production exceeding \$400 million. And though our oil exports suffered a setback in 1957-58, crude oil contributed \$73 million to Canadian export income in the year 1958. This is an impressive figure when one considers that the export of crude oil to the United States began as recently as 1951, via the Interprovincial pipe line, and did not become substantial until 1955, the first full year of operation for the Trans-Mountain pipe line.

NATURAL GAS

"Parallel developments have taken place in the natural gas industry. Proven reserves of natural gas in Western Canada have increased from less than 5 trillion cubic feet in 1949 to more than 25 trillion cubic feet at the end of 1958. Net production of natural gas was 60 billion cubic feet in 1949; 336 billion in 1958. Further sharp increases can be expected to follow the recent construction of major pipe lines. Gas from northern Alberta and British Columbia started to flow to the Vancouver area and the Pacific northwestern states through the Westcoast pipe line in 1957, and the completion of the Trans-Canada pipe line in November 1958 opened the markets of Ontario and the Montreal area to western Canadian gas.

"Applications to export large quantities of gas to the western United States have now been approved by the Government of Alberta, and related applications have been filed with this Government and with the United States Federal Power Commission. Other projects looking to exports to the United States Middle West and to New York State are in preparation. One urgent reason why this Government is anxious to press ahead with the measure re-

(Continued on p. 6)