

In terms of percentage we are talking about a 60-40 split in the Canada lands—60 per cent for the people and 40 per cent for the guy who is taking the risk. That gives a net return, after the debt is paid back, of about 25 per cent. That is what they are doing in the British and Norwegian oil lands by copying our 1961 regulations. So when I speak on this subject I do so with feeling because I have seen the high grading that went on in western Canada for 50 years. I have seen millions and billions of dollars worth of value left in the ground because of poor regulations since the provinces accepted willy-nilly the regulations we inherited from the United States. This is not a matter of debate just in Canada, it is the subject of debate in Venezuela, the Arab states and all over the world. The best book on this subject was just published by Americans two years ago about the resources of the future. It was entitled "Economic Aspects of Oil Conservation Regulation". I find nothing in these regulations which deal with the most economic recovery rate or which deals with the difficulty of getting all the oil out of the marginal areas of the field.

These are not political, partisan remarks, Mr. Speaker. I am speaking as one Canadian, as is everyone in this House. I think of all the mistakes we have made in Canada over the last 50 years with regard to oil and gas regulations and the fact that we tried to get out of those mistakes from 1957 to 1961 and again in 1976 and 1977. This party in the opposition supported the government in 1976 and 1977 on their regulations. So when I speak it is with very deep feelings since this is the end reward of the dream which many of us had, that one day Canada would become a great nation of resources, well-managed, and where you take out the most barrels you can economically and not repeat the horrible mistakes of the United States where their oil and gas regulations encouraged people to put wells side by side, creaming off the top grade oil. If your porosity and pressure is such that you lose it, you do not get the oil out.

There are tremendous numbers of people all over the world, and in Canada too, who know the principles of reservoir engineering. There is no recognition of that in the regulations which are before us. This is a vital part of the energy policy, how to get the maximum number of barrels of oil out with all the best technology we have got. That can only be done in the regulations which guide the people who run the industry. In the government we do not have very many experts on oil and gas regulations. As a matter of fact, we do not have them on oil and gas policy, as the blunders of the last two or three years illustrate. We do lack skilled people at the federal and provincial levels to deal with these oil and gas regulations. In my case, as minister in charge of all resources in the north, I could not find a single soul in my department who knew anything about oil and gas regulations, so I had the Civil Service Commission provide me with one. The man they chose was a top-level civil servant from Saskatchewan who had some idea of philosophy. He was the one who helped me draft the 1961 regulations. This government was aware of the crisis developing in 1973. I went to the minister of energy, mines and resources and pointed out to him that his department did not

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have qualified people in it to deal with the oil and gas industry. I suggested that he should get some. He got them all right, three or four of them. But one of them went out of there like a scared rabbit, and he ended up in charge of a Crown corporation called Petro-Canada. He did this because the pay was better and because there were no responsibilities to government. Others had to sneak back to the Department of Finance where they belonged—nitwits to nitwits.

I am warning the government, as a Canadian to Canadians, that this bill should be withdrawn, not by closure, but withdrawn entirely. It should be redrafted. They should try to find somebody in the legal department in the Department of Justice who understands international law. They should try to get someone who understands the philosophy and the principle of oil and gas regulations. The Americans are well aware of the tremendous amount of work which has gone into examining their mistakes. The book I referred to earlier gives a good account of this. Let us learn from their mistakes and our mistakes. After 1961 Venezuela, the Arab countries, Norway and Great Britain looked at Canadian regulations and accepted the principle of sharing. They moved away into the concession principle and brought in the principle of no charges to the oil and gas company until they had paid off the debt. Then the PIR came in—progressive increments for royalty. They moved ahead and the oil companies in the United Kingdom know that they will receive after all the money is back, 25 per cent as long as that oilfield lasts. That was in the 1976 regulations. Let us go back to what was concluded in 1976. The words were "Conservation is the key." Conservation means to get the most barrels at the most economic price and not be guilty, as the Americans are and the provincial governments in western Canada are, of leaving 75 per cent of the oil in the ground. In most cases it is gone for ever. I know about secondary and tertiary recovery—which is another subject. I appeal to the hon. members on the government side who are left to believe that I am not just making a partisan attack on the government.

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The ministers of the government do not have the personnel who know the first thing about this matter behind them. There is one civil servant who I brought to Ottawa and who is still here who knows something about the matter, but he is now dealing with a cultural subject. The government always gets rid of these people who know something about the matter by putting them in a position where they are never seen again. I suggest that the government drag him back to the living world and put him to use, and bring in some other people. I could recommend some names myself. These are men who put their country high on their list and who hate to see us going ahead in this matter when there is all this experience on the continent and in the whole world which would enable us to go out and recover 25 per cent or 30 per cent of that oil through primary techniques, secondary techniques and tertiary techniques. We can do it under the knowledge that Parliament is directing those people.

During the ten minutes I have left, I would like to speak about the current proposal. This proposal has turned back the