

EXCHANGE OF NOTES (DECEMBER 28, 1942, AND JANUARY 13, 1943)
BETWEEN CANADA AND THE UNITED STATES OF AMERICA
CONCERNING THE DRILLING OF OIL WELLS IN NORTHWESTERN
CANADA.

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*The United States Minister to Canada
to the Secretary of State for External Affairs*

LEGATION OF THE UNITED STATES OF AMERICA

Ottawa, December 28, 1942.

No. 818

Sir:

I have the honour to refer to our exchange of notes of June 27 and June 29, 1942, regarding the desire of the United States Government to take steps for extending the fuel supply for the U. S. Army in Canada and Alaska. At that time the United States Government proposed, and the Canadian Government approved, the so-called Canol Project which included, *inter alia*, the drilling of wells in the vicinity of Norman Wells, and the laying of a pipeline from Norman Wells to Whitehorse, capable of delivering 3,000 barrels of oil daily.

The developments of our joint war effort have in the opinion of my Government made it vitally necessary to discover additional sources of petroleum in northwestern Canada and Alaska, capable of producing from 15,000 to 20,000 barrels per day, to supplement the supply which will be obtained from Norman Wells. This will require the drilling of exploratory, or in oil parlance "wildcat" wells in this northern region. As such operations should be conducted in a number of widely separated locations in the Northwest Territories, where oil is believed to exist, it is suggested that the area in Canada within which such operations are authorized be bounded on the north by the Arctic Ocean, on the east by the 112th meridian, on the south by the 60th parallel, on the west by the Continental Divide and the Alaska-Canadian border.

The operations under immediate contemplation,—as a result of which, however, it may prove desirable to enlarge or expand the Canol Project—are for the sole purpose of discovering oil fields capable of producing the required 20,000 barrels per day. No plans have as yet been worked out covering the refineries, storage or distribution systems beyond those already authorized and approved by the Canadian Government.

In view of all the circumstances involved, and the increasingly urgent need of additional fuel for military purposes in the far north, the Government of the United States of America hopes that the Canadian Government will approve these exploratory operations with the understanding that the United States Army authorities be allowed during the war to drill through contract with one or more companies either Canadian or American, to develop through contract with one or more Canadian companies, and to make use of any petroleum sources that may be discovered, subject to Canadian regulations governing such operations and to the further understanding that operations would be subject to the provisions of our exchange of notes of June 27 and June 29 above referred to, in so far as such provisions are not inconsistent with the provisions of this note and are capable, with necessary adaptations and modifications, of being applied to such operations. My Government will of course keep the Canadian Government fully informed of any future plans for carrying out these operations.

Accept, Sir, the renewed assurances of my highest consideration.

For the Minister:

LEWIS CLARK,
Second Secretary of Legation.