

*Oil and Gas Act*

discoveries on our side of the boundary give no reason to be sanguine. We have no reason to expect an extension of Prudhoe Bay nor any good reason to think that we are likely to find an oilfield comparable to that. I am not myself a geologist or a geophysicist. However, I think that the better geological and geophysical opinion with respect to Prudhoe Bay is that it is a basin limited on the east by the British Mountains which run along the Alaska Yukon border, and that, to the extent that such areas as the Mackenzie delta have resources comparable to Prudhoe Bay, those resources will comprise a separate basin from Prudhoe Bay and not an extension of it.

There is also a tendency in some quarters to think of our Arctic reserves as money in the bank to be conserved and spent at our complete leisure. This is totally irresponsible. The momentum of exploration and development must be maintained. Oil demand could very well slacken in 10 or 20 years. It has happened to other industries—coal is an example—and it could happen to petroleum. The automobile is a prime target in the campaign against pollution. With this impetus there is every likelihood of a breakthrough in automobile power source that will level off the demand for petroleum in the foreseeable future. I love our forests and I am grateful to those who have fought so hard to conserve them, but I hope their motivation was not that the cordwood market was going to get better.

In addition, we cannot let our share of the world market drop. Others will be very happy to pick it up, and again technology increases the risk of a loss of markets. The Colorado oil shales in the United States constitute the world's largest known oil reserve. The United States government has not granted leases there, but the pressure is on and many feel that existing technology will permit the extraction of oil at a price competitive with other energy sources.

So I repeat, let us not, in revising these regulations covering our best industry assume that a slowdown in the industry can be absorbed with impunity. About 30 cents out of each of the billion dollars spent last year by the petroleum industry—some \$300 million—was spent in direct purchases from central Canada. A good portion of the other 70 cents was expended on commodities manufactured in central Canada. A significant slowdown in exploration by the industry would have a serious short-term effect in all Canada. The adverse effects might, in the long-term, become perpetual.

• (2:30 p.m.)

Much bitterness in western Canada started with the federal colonialism that preceded the transfer of resources to Alberta and Saskatchewan. The position of residents of the Yukon and Northwest Territories is not particularly relevant to this specific bill, but it is certainly a problem that must lie in the back of our minds as we think about the activity in the petroleum industry in those Territories.

Finally, there are three changes which the authorities should consider. The need for incentives to explore, built into the present pre-Prudhoe regulations, has certainly modified. I would recommend that for the future, serious consideration be given to removing the added royalty option, and adopting the Crown reserve system, as I believe that lands returned to the Crown and auctioned by it create a competitive situation resulting in new waves of exploration. One factor the government will have to consider is a calculation of the royalty return against income from auction bids and increased exploration.

Secondly, I am concerned with the way all lands in a given area are being disposed of by filing. The filing method has been necessary to stimulate exploration in a very difficult region, but the government should retain representative blocks to be auctioned at appropriate times.

Thirdly, the stake of Canadians in their own natural resources is a legitimate area of concern, even if it is grossly over-stated and distorted in some quarters. The government's decision to maintain its position in Panarctic Petroleum Ltd. was welcomed by all Canadians, except perhaps by a few speculative bargain hunters. Consideration should be given to offering direct participation to more Canadians in this venture. Perhaps when present participants want to dispose of all or part of their interests, as has occurred in the past, allegedly with some resulting dilution in the ultimate Canadian participation, a secondary distribution to Canadians might be considered. Unlike the NDP I have never felt that Canadian participation in commercial undertakings could be entirely satisfactory when channelled through the government.

In closing, Mr. Speaker, may I reiterate that while this amendment is most desirable and should be adopted without undue delay, there seems no good reason why realization of the concept envisaged last session in the original bill should be delayed. Let us get on with rationalizing Canada's relationships with this vital resource industry.