

As the long and (as already noted) unexampled struggle approached its climax last summer, the two main contenders for final approval by the Canadian and American Governments were Canadian Arctic Gas Pipeline Limited of Toronto and Foothills Pipe Lines Limited of Calgary. Membership in the Arctic Gas group numbered 15, including the Canadian subsidiaries of Exxon (Imperial Oil Limited), Gulf (Gulf Oil Canada Limited) and Shell (Shell Canada Limited). But participation by these multinationals (Shell is, of course, of Anglo-Dutch ownership) and by a half-dozen American pipeline companies in the Arctic Gas group was not the essential difference between it and the competing Foothills group.

The Foothills company had been established by two veteran Western Canadian pipeline companies, Alberta Gas Trunk Line Limited of Calgary and Westcoast Transmission Company Limited of Vancouver. The Foothills group also had American partners. The fundamental difference between the competing proposals was the way they planned to handle ownership of the project. There were fundamental differences, too, in the routes they proposed to follow, but even more fundamental was the difference in their ownership designs.

Ownership of the Arctic Gas pipeline would be shared by any or all of its members who wished to participate, whereas ownership of the Canadian sections of the Foothills pipeline would be limited to the Canadian participants in that proposal, and American sections would be owned by the American partners. This difference in the two projects, more than their route difference or any other, is what had kept the two groups competing instead of co-operating with each other. It meant that, if the Foothills group won (as it did), there would be no chance for equity ownership in the Canadian sections of the line by the multinationals or other non-Canadian participants, though they would be more than welcome to invest in capital bonds and other non-equity financing of the enormous project. From the point of view of the Foothills group, had the Arctic Gas group won the project would have been dominated by American and multinational companies among the group's membership.

Arctic Gas proposal

The proposal by Arctic Gas was for a single pipeline system that would move both Alaskan gas from the slopes overlooking Prudhoe Bay on the Arctic Ocean and Canadian gas from the Mackenzie River Delta in northwestern Canada to markets in southern Canada and the United States. The prime route for the pipeline lay across the

North Slope of Alaska and Canada's Yukon Territory, never far from the coast of the Beaufort Sea, which is part of the Arctic Ocean. The line would then have crossed the northern part of the Mackenzie Delta in Canada's Northwest Territories and connected with a line coming down from near Inuvik, on the Delta. From there the line would have run south up the Mackenzie River Valley into Alberta and diagonally across that province to the United States border just inside Saskatchewan and, through a branch pipeline, into the Pacific U.S. from a point in British Columbia.

The Canadian section of the Arctic Gas pipeline would have been about 2,300 miles long, longer than any previously built, including what is currently the longest in the world - the 2,200-mile Trans-Canada pipeline between Alberta and Montreal. It was estimated that it would cost about \$10 billion to bring this project to its full capacity of 4.5 billion cubic feet of gas a day, half from Prudhoe Bay and half from the Mackenzie Delta.

At a point about half-way through the seven-year battle between the two groups, the Foothills proposal began to favour two pipelines - one to bring Alaska gas south to the U.S. and the other to bring Canadian gas south from the Mackenzie Delta. But as finds of gas in the Delta proved disappointingly small, the Foothills emphasis on a separate line up the Mackenzie Valley was dropped and all its attention became focused on a proposal for what has come to be known as the Alaska Highway pipeline.

The Alaska Highway line would be built from Prudhoe Bay south to Fairbanks, Alaska, along the corridor already established for the Alyeska oil-pipeline, which began operating in mid-1977. From Fairbanks it would run southeast along the Alaska Highway route across the Yukon and northeastern British Columbia and into Alberta, and then split to enter the U.S. at the same points in Saskatchewan and British Columbia as the Arctic Gas line proposed.

Both pipelines were planned to be 48 inches in diameter, the largest built to date on this continent, though there are lines of larger diameter in the Soviet Union. Of more crucial concern was the higher pressure under which, it was proposed, the Arctic gas should move in the pipeline. The highest pressure under which gas was currently moving in pipelines in British Columbia and Alberta, where some of the terrain to be crossed is comparable to that to be traversed by the Alaska pipeline, was between 800 and 1,000 pounds a square inch. The Arctic Gas system proposed to move the gas under an unprecedented 1,680 pounds a