

# Canada Weekly

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## Proposed legislation for the exploration of oil and gas in the Canadian North

A bill establishing a Petroleum and Natural Gas Act, soon to be placed before Parliament, would initiate a new system under which the gas exploration and development of oil and gas proceeds in Canada's northern territories, Indian and Northern Affairs Minister Judd Buchanan said, May 1.

The proposed legislation, designed to stimulate exploration, encourage the growth of the Canadian segment of the industry and give Canadians a reasonable return for their non-renewable resources while ensuring industry a reasonable profit, would bring existing Canada Oil and Gas Land Regulations under its authority and allow for their amendment.

Pointing out that the legislation would apply only to Canada's northern territories, Mr. Buchanan told the annual meeting of the Independent Petroleum Association of Canada that he and Energy Minister Donald MacDonald had decided that the protracted discussions with the eastern provinces over offshore rights should not delay any longer the implementation of regulations for the North.

"It is incumbent upon us to ensure that the Canadian people, as land-

owners, share as fully as can be justified in the direct return from the disposal of their resources," he said. "At the same time, however, they must be assured of an adequate supply of those resources for their own use at a reasonable price."

In announcing the proposed legislation, Mr. Buchanan said that he must weigh the concerns of the native people in the North against the real need to identify oil and gas reserves so that Canada would have an adequate supply. "To ensure that exploration continues, and at an increased rate, is a reflection of our concern with respect to the forecast shortage of both oil and gas beginning in the early 1980s," he told his audience.

Mr. Buchanan said that the proposed system of exploration and development for oil and gas would provide distinct financial advantages to Canadian companies by reducing the impact of increased lease rental or increased production royalties. This would allow Canadians to compete more successfully in public tenders for proven prospective Crown reserves.

Turning to Canadian content in the industry, Mr. Buchanan stated that the

## Provisions in new Act and revised Canada Oil and Gas Land Regulations

- . No change to existing permit holdings.
- . To stimulate exploration, permit work obligations would be increased after a two-year transitional period. A ten-year production licence would be granted upon discovery, replacing the existing 21-year lease.
- . If no discovery has been made during the life of the permit, the permittee would have to give up the land, seek a special renewal, or take out a five-year provisional lease.
- . Special renewals, to complete an exploration program, would be available at the Minister's discretion.
- . Work obligations on a permit under special renewal would be designed to ensure that the permittee would maintain a high level of exploration or relinquish his permit.
- . A five-year provisional lease would be provided as an alternative to a special renewal.
- . When a permit-holder makes an application for a production licence, the Crown would have the option of a working interest and/or a profit share in the discovery.
- . To ensure full use of our declining energy resources, the Act would allow for a reduction in royalty if required to initiate or continue production from marginally profitable fields, and to provide the incentive to invest in costly resource-conservation measures.
- . Oil and gas rights not now held under permit, lease or lease application would be declared Crown reserves.

Government's object of increasing Canadian participation in all aspects of the industry would be implemented wherever possible and practicable.

#### Royalties and investments

Under the new legislation, the basic royalty rate should be in the order of 10 per cent. "In addition, there will be a profit-sharing scheme based on individual field profitability," said the Minister.

To provide a more stable climate for investment, the proposed Petroleum and Natural Gas Act would restrict changes, particularly those affecting royalties and rentals, that could be made without the authority of Parliament.

The Minister also explained that the new Act may give some initial preferences to Petro Canada with respect to current reserve acreage. However, he added that it was his view that Petro Canada should pay the Crown the same charges, royalties, and rentals and incur the same obligation as any other company. Further, he considered that Petro Canada would not have preferred access to information submitted by other companies.

#### Anglo-Canadian Cultural and Information Consultations

The third meeting of the Anglo-Canadian Cultural and Information Consultations, which took place in Ottawa May 5 and 6, was attended by a British delegation led by Ronald Scrivener, Assistant Under-Secretary for Information and Cultural Relations of the Foreign Office, and a Canadian delegation led by Patrick Reid, Director-General of the Bureau of Public Affairs, Department of External Affairs.

Delegates informally reviewed progress since the last meeting in the cultural relations between the two countries in such areas as scholarships, exchanges of professors, teachers, students and specialists in various disciplines, and in programs of cultural diffusion such as tours of performing groups, exhibitions and books. They particularly welcomed the creation of a chair of Canadian studies at the University of Edinburgh. Future plans were discussed and it was agreed to explore further a number of new proposed projects.

There was a useful exchange of views on the policies and implementation of international information work and areas of mutual co-operation were examined.

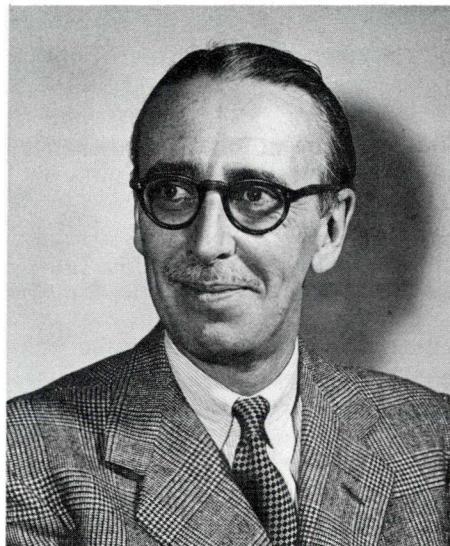
Concurrently with these meetings, which are held annually, representatives of Britain and Canada and of the respective film industries met and agreed on the draft of an agreement on films-co-production, which will be recommended for approval to both Governments. It will encourage the production of more films reflecting the national cultures of both countries.

Following the tradition of alternating the location of these consultations between the two countries, the fourth meeting will be held in London next spring.

#### Literary award for former diplomat

Charles Ritchie, former Canadian diplomat and Special Adviser to the Privy Council before his recent retirement, was among six authors who recently won the Governor General's Literary Awards for 1974. *The Siren Years*, which is a book of his personal recollections of the period from 1937 to 1945, when he served as a junior officer, mostly in London during the Second World War, has been described as the "undiplomatic diaries" of a diplomat and as "immensely readable".

Mr. Ritchie, states the dust-jacket of his book, "has written not so much of political events and diplomacy in themselves but of his personal response to these events and to people".



Charles S. Ritchie

During his service with the Department of External Affairs, Charles Ritchie was Deputy Under-Secretary of State for External Affairs and Ambassador to the Federal Republic of Germany, the United Nations, the United States, the North Atlantic Treaty Organization and as High Commissioner in Britain.

#### Other award-winners

Other books which won Governor General's prizes were: *Fire on Stone* a collection of poetry by Ralph Gustafson; *The Diviners*, a novel by Margaret Laurence; *Don Quichotte de la démanche*, a novel by Victor-Lévy Beaullieu; *Mécanique jongleuse suivi de Masculin grammaticale*, a collection of poetry by Nicole Brossard; and *Habitants et marchands de Montréal au XVIIe siècle*, a historical study by Louise Dechêne.

The awards will be presented by Governor-General Jules Léger on May 22 in Ottawa. Each winner also receives a cash prize of \$2,500 from the Canada Council.

The winning books were chosen by a committee of 18 members who examined over 450 works by Canadians published in 1974. Professor Fred Cogswell, of the University of New Brunswick, and Professor Antoine Sirois, of the University of Sherbrooke, co-chaired the committee.

#### Canada helps establish Indonesian pioneer air service

As part of a program first announced in 1973 for the improvement of Indonesia's civil aviation, Canada is providing to that country 11 *Twin Otter* aircraft and ground-support equipment and technical assistance.

The project, financed by a \$12.5-million Canadian loan, will help the Government-owned Merpati Nusantara Airlines supply outlying islands with a "pioneer air service" similar to the bush service that contributed to the development of Canada's North in the 1920s and 1930s.

By providing regular freight, mail, and passenger links with outlying islands the service could help to draw their people more directly into the mainstream of Indonesia's social and economic life.

### Prince of Wales' tour of Canada

Prince Charles visited Ottawa and 12 centres in the Northwest Territories before departing from Winnipeg during his tour of Canada late in April.

He arrived in the capital, April 20 after leaving HMS *Hermes* at a port on the east coast of the United States, where the ship docked during a training course.

The Prince spent the evening at Government House with Governor-General Jules Léger and Mrs. Léger. In Ottawa, his program included a tour of the national capital area by helicopter; dinner at the National Arts Centre as the guest of Prime Minister Pierre Trudeau, followed by a gala performance by the NAC orchestra; a visit to the Supreme Court and the Parliament Buildings; and a ball at Government House.

On April 23, Prince Charles visited the Lester B. Pearson Building, headquarters of the Department of External Affairs, prior to addressing a luncheon meeting of the Canadian Club. That afternoon, he flew to Frobisher Bay, on Baffin Island, where he dined with the Commissioner of the Northwest Territories, Stuart M. Hodgson.

#### Trip to Canadian North

On April 24, after starting a snowmobile race at Frobisher Bay, Prince Charles flew to Pangnirtung to visit Eskimo craft shops and schools.

After a flight north, the next day to Grise fiord, on the southeast coast of Ellesmere Island and the most northerly Eskimo settlement in Canada, he toured

### Recognition of Cambodia's new government

The Prime Minister's office announced on April 25 that the Canadian Government recognizes the Royal Government of National Union of Cambodia as the sole legal government of Cambodia.

The Canadian Government, stated the announcement, was gratified that the long years of bloodshed and human suffering could now come to an end, and Canada looked forward to a continuation of the friendship and co-operation which have characterized the relations between our two countries.



Canadian Press

*Prince Charles, wearing a blue, embroidered parka trimmed with wolverine fur – a gift of the Northwest Territories – takes a ride on a snowmobile in Pangnirtung, NWT, on April 24.*

the fiord by dog team.

The visit to Resolute Bay, on Cornwallis Island, began with a scuba dive below the ice of the Bay with Dr. Joseph B. MacInnis and his assistant, Richard G. Mason, at the nearby site of Dr. MacInnis' "sub-igloo" and underwater research facility.

In the high Arctic, Prince Charles saw a gas well and, on April 28, he descended 3,500 feet in the shaft of a gold mine near Yellowknife, then returned to the city to see two periods of

government, takes a ride on a snowmobile in Pangnirtung, NWT, on April 24.

a hockey game, and visit a curling rink.

In the afternoon, the Prince went to a carnival at nearby Old Town on the Great Slave Lake and watched native contests. The following day he flew to Hay River, on the south shore of Great Slave Lake. From a helicopter he viewed nearby Louise Falls, before returning to the town to attend a civic function.

Prince Charles arrived in Winnipeg on April 29 and left the next morning to rejoin HMS *Hermes*.

### First appointment to Canadian chair at Edinburgh

The first holder of the recently-established Chair of Canadian Studies at the University of Edinburgh will be Professor Ian M. Drummond of the University of Toronto, it was announced recently.

Professor Drummond, who will take up his one-year appointment this autumn, is Professor of Economics in the Department of Political Economy at Toronto.

The establishment of the Chair at Edinburgh is part of the first project of the newly-created Foundation for

Canadian Studies in the United Kingdom, which was founded last year to receive and manage funds for the support of Canadian studies in Britain.

Edinburgh University has already established a Centre of Canadian Studies – the first of its kind in Europe – and 30 students are at present completing their first year of a new three-year B. Sc. (social sciences) course in Canadian studies.

Professor Drummond, whose primary research interest is the Commonwealth monetary history of the 1930s, was born

in Vancouver in 1933. He graduated from the University of British Columbia with first-class honours in economics and Slavic studies in 1954, and a year later obtained an M.A. in economics at the University of Toronto.

He won a Woodrow Wilson Fellowship the same year and spent 1957-58 at London University as an overseas scholar sponsored by the IODE (Independent Order of the Daughters of the Empire). From 1958 to 1960 he was an Instructor at Yale University and while there attained a Ph. D. In 1960 he joined the University of Toronto; he was appointed a full professor in the Department of Political Economy in 1971.

His special assignments include working with the Organization for Economic Co-operation and Development in Paris, the Canadian Department of Labour, the Royal Commission on Taxation, and Harvard University Development Advisory Service in Bogota. He was also editor of the *Canadian Journal of Economics*.

In addition to articles in Canadian learned journals, Professor Drummond has published a monograph on Canadian/Soviet trade (1966), *Canadian Economy, Structure and Development* (1966, revised 1972), *British Economic Policy and the Empire 1919-39* (1972), and *Imperial Economic Policy 1917-39*.

The purpose of the Canadian Studies Chair at Edinburgh is to help expand the existing program of Canadian studies there and at the same time stimulate a corresponding interest at other British institutions of learning. The Chair will be occupied each year, the holder's specialization rotating annually to cover the fields of history, political science, economics, geography, law and the arts. The holder will be drawn from Canadian universities on a merit basis.

With the establishment of the Chair and Centre of Canadian Studies at Edinburgh, further courses in Canadian studies for both undergraduate and postgraduate degrees will progressively be introduced.

### Registrations of new cars decline

Canadian car registrations decreased 7.1 per cent in 1974 at 869,172 units from 935,533 in 1973, according to R.L. Polk and Co. Ltd of Toronto. The share of the Canadian market held by cars built outside Canada dropped to 14.89 per cent from 18.28 per cent in 1973.

Of the North American car-makers, registrations of vehicles produced by American Motors (Canada) Ltd were ahead 22 per cent to 32,748 units from 26,845, and registrations of Chrysler Canada Ltd vehicles were up 1.8 per cent to 181,825 units from 178,523. In registrations of Ford Motor Co. of Canada Ltd, cars were down 2.3 per cent to 206,051 from 210,921, and General Motors of Canada Ltd registrations were down 6.6 per cent to 318,999 units from 341,695.

Registrations of cars built in North America totalled 739,708 units, down 2.4 per cent from 758,106 in 1973.

### Increased contribution to United Nations Development Program

Canada's Ambassador and Permanent Representative to the United Nations, Dr. Saul F. Rae, recently presented to the Administrator of the United Nations Development Program, Rudolph A. Peterson, a cheque for \$24.5 million as Canada's contribution to the UNDP for 1975 - 10 per cent more than the amount given last year.

Dr. Rae stated that the sustained growth of Canada's contribution was an indication of the confidence the Canadian Government had in the UNDP and he emphasized Canada's continuing strong support of the Program.

The sum includes \$24 million for the regular budget of the UNDP, and a supplementary \$500,000 for projects designed to accelerate the advancement of the least-developed countries. In 1974, Canada contributed \$21.7 million to the regular budget and \$500,000 for the least-developed nations; thus, the 1975 contribution represents an increase of \$2.3 million over that of the 1974 figure. Canada has given over \$245 million to the UNDP since 1959.

### Canada/Brazil agreement on technical co-operation

Brazil and Canada signed a bilateral agreement for technical co-operation in Brasilia on April 2. Present at the ceremony were (left to right) Brazil's Minister of External Relations, Francisco Azeredo da Silveira; Brazilian

Ambassador to Canada, Geraldo de Carvalho Silos; Canada's Ambassador to Brazil, Barry C. Steers; and the Deputy Minister of the Ministry of External Relations of Brazil, Ambassador Ramiro Helisio Saraiva Guerreiro.



*The Tulip Festival – a tradition in Ottawa every spring – not only changed its name to the Festival of Spring this year but was expanded to encompass more of the national capital region and included more events than ever.*

*A flotilla of decorated boats carried flowers down the Rideau Canal from Dow's Lake to Hull to salute that city's hundredth birthday, special tours of the flower beds were arranged, open-air parties and dances were held, as were bathtub races and other water events and activities.*

*But the main attraction was the tulips – three million of them in every imaginable colour – in full bloom along miles of scenic driveways, around monuments, public buildings and Dow's Lake, where more than 150,000 are concentrated in one area.*

*Ottawa's tulip display originated with a gift of bulbs given to the people of Canada by Queen Juliana of the Netherlands in appreciation of her stay in Ottawa during the Second World War.*



### Electricity for Pakistan

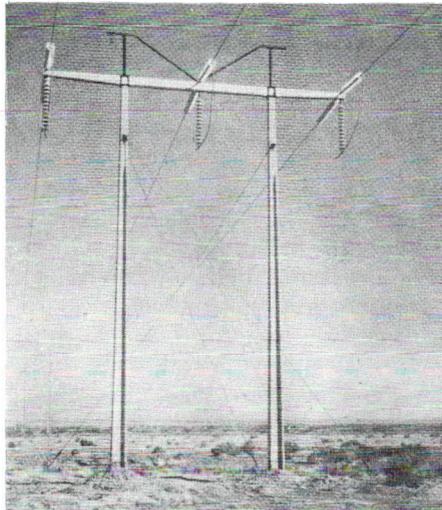
Pakistan's massive rural electrification program is to benefit from Canadian assistance in the building of four plants to produce prestressed, precast concrete poles.

The Government of Pakistan will contribute about \$1.6-million worth of local materials, engineering services and labour, while a grant from the Canadian International Development Agency of up to \$950,000 will finance Canadian engineering services, construction supervision, and capital equipment unavailable in Pakistan.

A thousand villages are to receive electricity each year under Pakistan's 1975-80 Five-Year Plan, and many industrial and commercial firms outside major centres already await the coming of power lines. Wooden poles are unavailable, while imported steel is expensive and subject to corrosion from the saline soil and air. Concrete poles offer large savings, particularly as the plants, which are labour-intensive and use appropriate technology, will be built at Lahore, Multan, Wah and Nowshera, near local supplies of cement and sand, and close to where the poles will be needed. Successful experience with two earlier plants – built with

Canadian help at Rohri for the Sukkur power project and at Kotri for the Karachi-Hyderabad transmission line – will cut design and construction expenses and should make the new plants cost less, despite the general rise of prices.

Together, the six plants will form a system of optimally-located sources of the durable concrete poles, which Pakistan intends to use wherever possible in future efforts to bring electricity to people in rural areas.



*Prestressed concrete poles will become a common site in Pakistan.*

### Canada at Non-Proliferation Treaty Review Conference

Canada is participating in the conference to review the provisions and operation of the Treaty on the Non-Proliferation of Nuclear Weapons in Geneva, May 5-30.

The Canadian delegation, led by Ambassador W.H. Barton, Permanent Canadian Representative to the Conference of the Committee on Disarmament (CCD), in Geneva, includes officials of the Department of External Affairs, the Atomic Energy Control Board and Canada's Permanent Missions to the Conference of the Committee on Disarmament and the International Atomic Energy Agency.

The Non-Proliferation Treaty, which was concluded in 1968 and came into force in March 1970, has been ratified by 93 countries and signed by 17 others. It has been strengthened significantly by its ratification recently by five more of the European Economic Community countries – the Federal Republic of Germany, the Netherlands, Luxemburg, Belgium and Italy – and by the Republic of Korea.

Canada signed the Treaty in July 1968, ratified it in January 1969 and has been one of its strongest sup-

porters. The Treaty and its associated system of nuclear safeguards, applied by the International Atomic Energy Agency, are regarded by Canada as the basic instrument for the prevention of spreading nuclear weapons to more countries.

The Canadian aim at the Conference is to seek strong reaffirmation of the objects of the Treaty, and wider adherence to it. Canada is also reaffirming in Geneva its own commitment to the peaceful uses of nuclear energy and its readiness, as a supplier of nuclear material and equipment, to share the benefits of nuclear energy, provided assurance is given that it will be used solely for peaceful non-explosive purposes.

Canada is also strongly reiterating its view that all states, particularly ones with nuclear weapons, should negotiate in good faith toward the adoption of effective measures to achieve a halt to the nuclear arms race at an early date, a reduction in nuclear arms and a ban on nuclear-weapon tests in all environments.

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### Arctic offshore gas-find confirmed

Northern Affairs Minister Judd Buchanan recently announced that Panarctic Oils Limited had successfully proved gas eight miles from its Drake Point discovery east of Sabine Peninsula, Melville Island, in Canada's High Arctic. The offshore step-out delineation well, called Panarctic East Drake 1-55, encountered gas at drilling depths more than 3,500 feet below the seabed.

Buchanan said that, in this time of threatening gas shortages, he was gratified that Panarctic Oils Limited was rapidly confirming the belief that the 20 to 30 trillion cubic feet of gas reserves necessary to justify the con-

struction of a polar gas pipeline existed and that Canadians, through the Government, held a 45 percent equity interest in this successful venture.

He explained that the well was drilled with a slightly modified conventional land-base drilling system from a land-fast, artificially-thickened, ocean-ice platform located on water more than 450 feet deep.

He noted that East Drake 1-55 was the second gas-pool delineation well drilled offshore from a land-fast ocean-ice platform. The first had been Panarctic Hecla N-52, drilled last year in more than 400 feet of water seven miles offshore from the Hecla gas-pool discovery on the west coast of Sabine Peninsula.

Both offshore delineation wells have demonstrated the continuation of gas-filled reservoir rocks in structures extending many miles seaward from each of the coastal gas discoveries. Each has proved the presence of gas accumulations of several trillion cubic feet.

Buchanan said he was pleased that Panarctic offshore drilling techniques, differing only slightly from conventional land-based drilling operations, had proved to be safe and efficient and economical compared to other offshore drilling methods. He considers that an increasing number of delineation wells — and eventually exploratory wells — will be drilled from land-fast ice-platforms in the offshore areas of Canada's Arctic archipelago.

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### Canada host to international agriculture meeting

The Inter-American Institute of Agricultural Sciences met in Canada from April 28 to May 10. The sessions of this, the first conference of the Institute to convene outside Latin America, were held at the Government Conference Centre in Ottawa.

The Institute, familiarly known as "IICA" from its Spanish name (*Instituto Interamericano de Ciencias Agrícolas*), is the specialized body within the Organization of American States that deals with agricultural affairs. Its membership consists of 26 countries of North, Central and South America and the Caribbean. Its headquarters are in San José, Costa Rica. There are IICA offices in most member countries.

The general aims of the Institute are: to help member countries stimulate and promote rural development by supporting programs designed to increase agricultural production and productivity; to expand employment opportunities in rural areas; and to increase the participation of rural populations in the process of economic development.

Canada joined the IICA in October 1972, and took part in the 1973 and 1974 annual meetings in Santiago and Caracas respectively.

The Ottawa meeting was attended by about 65 representatives, some of whom were ministers of agriculture. The Board of Directors met from May 5 to 8 inclusive.

On May 9, delegates travelled to Quebec City, stopping along the way to visit farm co-operatives and other agricultural institutions. On May 10, a round-table discussion was held at Laval University on the subject "Organization and functions of agricultural extension services".

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### Rehabilitation of Bangladesh power system

The Saidpur diesel generating station in northern Bangladesh was officially commissioned March 20, marking another step in the Canadian-assisted rehabilitation of the country's power system.

The station, an integral part of the program to restore and expand power facilities in Bangladesh, will have a direct impact on irrigation and rural development by supplementing and making more reliable the supply of power for a nearby tubewell irrigation project. The Canadian International Development Agency (CIDA) provided grants of about \$500,000 to finance the necessary equipment, engineering services and technical assistance.

Bangladesh officials participating in the Saidpur inauguration included Mr. Abdur Rab Serneabat, Minister for Power, Flood Control, Water Resources, Forest, Fisheries and Livestock, and Mr. Reazuddin Ahmed, Minister of State for Forest, Fisheries and Livestock. Canada was represented by Mr. Paul Gérin-Lajoie, President of CIDA, who was visiting Bangladesh for discussions with government officials about Canada's substantial assistance program in that country.

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