PETROLEUM HISTORY SOCIETY

ARCHIVES

Newsletter of the Petroleum History Society *December 2020; Volume XXXI, Number 4*

P.H.S. COVID Edition - Part 2

Best Wishes for the Holiday Season

A message from your President and Archives Editor

We have all been feeling the effects of the continuing COVID-19 pandemic. It is still altering every aspect of our lives – both personal and professional. Many have speculated that given the long term implementation of social distancing and other health measures that we may never get back to "normal" in things like downtown office towers, transportation and even interactions with other individuals. We will see. Hopefully the new vaccines will help us along.

In the meantime, I am pleased to announce to you that the P.H.S. Board has decided to suspend the requirement for dues for the 2021 membership year. Everyone who pays dues annually will be deemed to have "paid until" December 2021. P.H.S. Membership Director Micky Gulless will look after this and also sort out any complexities such as multiyear memberships. Thanks for that Micky!

We had anticipated that the Petroleum History Society would resume operations this Fall. Obviously that didn't happen. We decided to err on the side of prudence. Stay tuned. We shall meet again! Thanks for your continuing support.

In the meantime, please visit our website at www.petroleumhistory.ca and continue to feast upon the voluminous material that is preserved there. Micky, whose creation this is, has provided instructions to guide you in searching for specific items or topics. Alternatively, just wander through the back issues of *Archives*, Doug Cass's bibliography or Micky's compilation of Old Companies. You are sure to find lots of interesting things. Or just read this issue!

The Bull Wheel

Call for contributions and speakers: The Petroleum History Society values your input. If you have an article that you'd like to see in *Archives* or if you have a talk that you'd like to give, please get a hold of us. Contact President Clint Tippett at the address indicated on page 4.

Free Student Memberships Available: The Petroleum History Society offers free membership to full-time students until the end of the year in which they graduate. They will receive the same benefits as regular members – *Archives* newsletters and invitations to our events. Membership applications are available at: www.petroleumhistory.ca/about/index.htm#join.

P.H.S. Board: Just as a reminder, the P.H.S. Board is currently as follows:

President – Clinton Tippett
Vice-President – Bill McLellan
Past-President – Micky Gulless
Treasurer – Micky Gulless
Secretary – Ross Gourlay
Directors – Doug Cass, Penny Colton, Wayne Dwyer, Judy Frame, Ross Hicks, Ian Kirkland and Bradley Parkes
Auditors for 2020 – Tom Field and David Hargrave

Projects: The P.H.S. Board is open to suggestions for projects that support the preservation and communication of Canadian petroleum history. Some funds are available. Please take the initiative and send us a description of what you think should be undertaken or supported.

The Last Straw. A recent ad from the Canadian Legion promotes a replacement for the vilified single use straw. It is a reusable 9 inch telescopic stainless steel straw with a silicone tip and cleaning brush. It comes with a compact carrying case and attachment clip. Only $9.99 plus tax, shipping and handling. Just the thing to waste more of your time (and money).

What do you say now Victoria? An article in the National Post of November 10, 2020 indicated that "*COVID could infect whales via wastewater*". This kind of ups the ante for Victoria, B.C. given their flood of untreated sewage being pumped into the ocean in a time of pandemic.

Money to burn. It was recently suggested that the mining of Bitcoin could be the cure for gas flaring. The process of creating Bitcoin consumes huge amounts of electricity. The idea is that natural gas could be burned in a useful way to produce said electricity. The Texas-based company that is promoting this concept is installing 70 units, each with a capacity of 1 megawatt gained from about 10 million cubic feet of gas per day.

Say again? In the testing of sour natural gas wells, a problem is that high levels of non-hydrocarbon components tend to inhibit combustion. The solution is generally to add flammable gas like propane to the mix with such additions termed "dilution gas". Unfortunately a report from the field indicated that they had been adding "delusion gas". Who are they kidding?

Sonya Savage: I don't know about you but I hadn't heard of Sonya Savage, Alberta's Energy Minister, before Jason Kenney appointed her to his Cabinet. The Minister earned her credentials, in part, through the authorship of "*Bill C-38 and the Evolution of the National Energy Board: the changing role of the National Energy Board from 1959 to 2015*", as published by the Canadian Institute of Resources Law in 2016 (reference C.I.R.L. Occasional Paper #52).

Misery loves company. A heading in the November 6, 2019 issue of the National Post read ""Oil is moving very slowly and this is going to get worse". The reference was to sales of cannabis oil in an industry that has certainly had its share of ups and downs over the past years.

Much ado about nothing. For the last several years the Federal Government has been quarterbacking a review of the Federal Moratorium on Arctic oil and gas development focused on the Eastern Arctic region of Baffin Bay and Davis Strait. The adjacent area of Lancaster Sound has been placed in a Marine Protected Area, as assisted by Shell Canada's relinquishment of its exploration rights there. The moratorium review has had a long process of community hearings and technical input from numerous government agencies. As an informal observer it seems pretty clear where this is headed. There is pressure for a long period of pushing the pause button, if not turning off the TV entirely. There is virtually no industry involvement with only C.A.P.P. watching from the sidelines. The technical potential of that region was undermined by several unsuccessful seismic and drilling programs on the Greenland side over the last decade so there is no real appeal. In addition, the industry is pulling back from these frontier areas, if not hydrocarbons in general, and is unlikely that there would be any takers even if the shackles were removed. This is a good example of an initiative that couldn't – or wouldn't – be stopped even if the need for it evaporated.

Conferences update:

The Global Energy Show here in Calgary, previously planned for June 9-11, 2020, was pushed back to June 8-10, 2021 but as of earlier this month, has been postponed again until September 21-23, 2021. Let's hope this works. The organizers, knowing which way the wind is blowing, have, as you will have noted, broadened the span of content to "Energy" from "Petroleum". For those of you who may have been disappointed by the offerings of the last few years, this change will hopefully rejuvenate the show. I attended a huge industrial fair in Hannover several years ago and it I really an eye-opener to see the range of technologies being brought to bear on today's problems.

The 23rd World Petroleum Congress still seems to be set to go in Houston in 2021 although the dates have been delayed until December 5-9, 2021. The 24th World Petroleum Congress is scheduled for September 17-23, 2023 here in Calgary. Organization is underway although there have been no recent updates on their website and the overall Congress website doesn't mention this timing or location. Perhaps the pandemic has thrown a monkey wrench into this plan. The Turner Valley Oilfield Society is hoping to run a field trip to the Turner Valley Gas Plant as a part of the program with a recovery stop at the Eau Claire Distillery afterwards.

Equalization a dead issue? A new (December 2020) report from the Fraser Institute is titled "*The Great Convergence – Measuring the Fiscal Capacity Gap between "Have" and "Have Not" Provinces*". It reveals that Alberta's capacity has fallen substantially over the last six years and is now close to that of a number of other provinces. Not unexpected. Significant implications.

Investing with one's head and not one's heart. Much has been said about the decision by the massive Norwegian sovereign wealth fund to divest shares in oil sands- and coal-focused companies. At the same time the Norwegian Government has made efforts to ensure the competitiveness of the Norwegian petroleum industry through adjustments in its tax system – bringing on accusations of hypocrisy. One needs to ask, however, if this is a fair expectation. Any prudent fund manager needs to anticipate the effect that international political currents and government policies will have on stock prices. Divestment of stocks with poor outlooks would seem to be a no-brainer. The sovereign fund is acting in the long term interests of its shareholders – the citizens of Norway. The Norwegian Government is acting to preserve its current cash flow. Two mandates – two outcomes. As someone who has held onto stocks for too long out of a misplaced sense of loyalty to the industry, I will say that we are kidding ourselves if we think that we can avoid the current "downer" that is impacting the Canadian industry by hanging onto poorly-performing stocks. Unfortunately even the massive Norwegian fund doesn't have the stroke to move the market by itself – and as they say "resistance is futile".

The Buildings of Downtown Calgary: P.H.S. Treasurer Micky Gulless has alerted us to a radio series focused on the history of buildings in downtown Calgary. Tune in for the Dome Building at https://www.cbc.ca/listen/live-radio/1-97/clip/15810037
and the Petro Fina (sic) Building at: https://soundcloud.com/josh-traptow/petro-fina-building-cbc-homestretch-dec-2020

New Yergin Book: P.H.S. Member Bob Bott has provided some information on a new book by well-known petroleum author Daniel Yergin titled "*The New Map: Climate and the Clash of Nations*". Sounds like a worthy follow-up to "*The Prize*" and "*The Quest*".

Tearing their hair out: You will recall the unfortunate grounding of a bulk carrier on the island of Mauritius, the spill of its fuel oil and the resulting oil slick. It appears that there were no solid contingency plans in place for this and that people were having to do whatever they could to assist. According to the article in the Globe and Mail on September 5, 2020 "*Many people also cut off their own hair for boom-making, since it can soak up oil. One individual was quoted as saying "I don't care. It's my hair. It will grow back then. Right now, we have to help the country*". Now that's some dedication.

Editorial Comment: Please note that unless otherwise indicated, all contents of this newsletter have been created or assembled by P.H.S. President and *Archives* Editor Clinton Tippett.

Archives is published approximately eight times a year
by the Petroleum History Society for Society members.

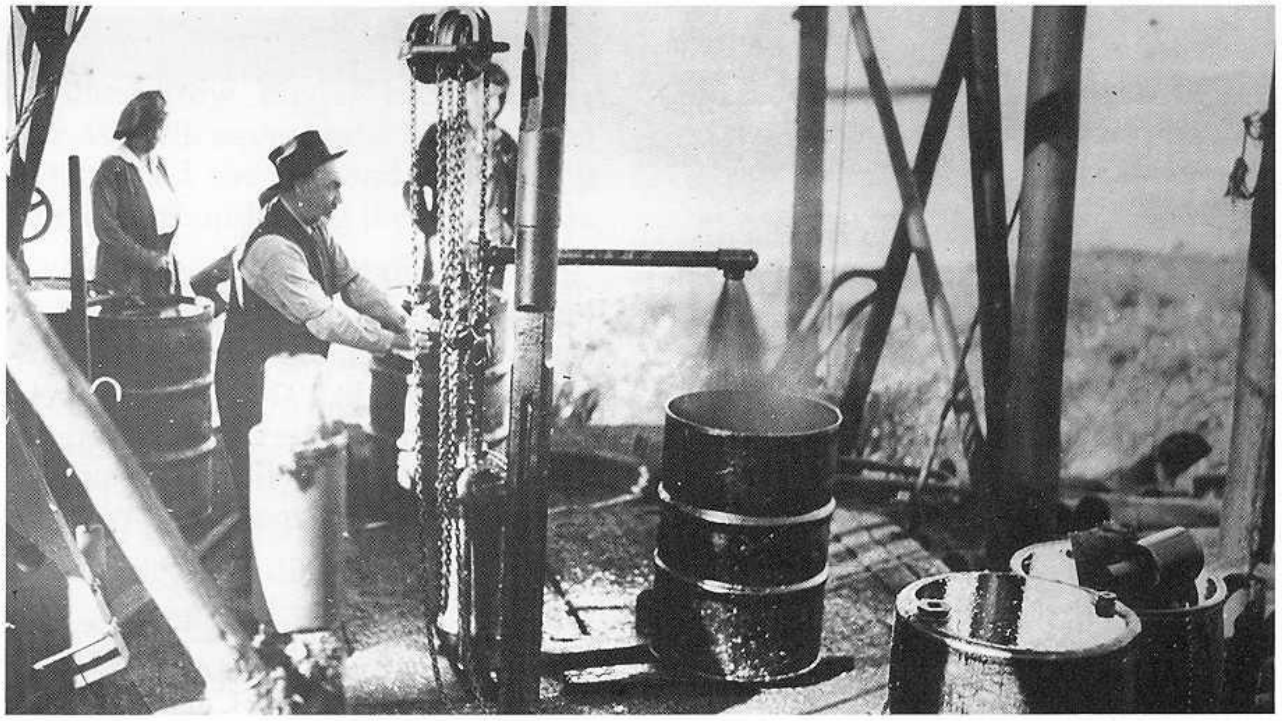
Back issues are archived on our website at http://www.petroleumhistory.ca/
Contacts: info@petroleumhistory.ca
President: Clint Tippett – clintontippett88@gmail.com 403-208-3543

SIGNIFICANT ANNIVERSARIES

For some reason the initial year of each decade often brings events that have a profound impact on the following years. Obviously 2020 is having that effect due to the pandemic whose implications will be with us for many years to come – including the federal deficit and national debt! Others include 1960 (the creation of O.P.E.C.) and 1970 (the Quebec Crisis and the War Measures Act). In this issue, we will focus on two others that are closely tied to the Canadian petroleum industry, specifically the 1920 discovery of the Norman Wells oil field in the Northwest Territories and the 1980 introduction of the National Energy Program.

Archives has featured Norman Wells and the N.E.P. on a number of previous occasions that are detailed below. Readers are invited to visit the P.H.S. website's compilation of back issues to access this material.

Norman Wells



Fort Norman gusher, NWT, Ch. Taylor turning on well, 1920
(Provincial Archives of Alberta/B1062B)

"*Canada's oil history offers lessons*" by Frank Dabbs, *Archives*, May 1990, pp. 4-5.

"*Recycling Canol*" – by P.S. Barry – 1991 Annual Meeting presentation, text appeared in *Archives*, May 1991, pp. 1-3.

"The Canol Pipeline" by Tim Hawkings – a luncheon presentation announced in *Archives* February 1994, with presentation February 15, 1994.

"*Theodore August Link (1897-1980)* by C.B Sikstom – reprinted from *Arctic* magazine (v. 48, no. 1, pp. 96-98) in *Archives* November 1996, pp. 1, 8-10.

"*The Canol Project – Ancestor to Leduc*" by Charles R. Stelck – the text of a talk given February 19, 1997 that appeared in *Archives* in April 1997, pp. 1-5. P.S. Barry submitted a short discussion of this article that appeared in *Archives* June 1997, p. 3.

"*Norman Wells, Canol and the Second World War – A young engineer's perspective of technical problems of a pioneering arctic pipeline*" – a presentation made by Alex Hemstock on April 25, 2001 announced in April 2001 *Archives*, p. 1, The text was published in the May 2001 issue of *Archives*, p. 3.

"*From North to South: How Norman Wells led to Leduc*" – notes from a presentation made by P. McKenzie-Brown to the Calgary conference of the International Commission on the History of Geological Sciences on August 11, 2009, as published in *Archives*, June 2010, pp. 4-9.

P.H.S. Preservation Award for 2012 presented to the Norman Wells Historical Society at our Annual Meeting on March 27, 2013, as documented in the May 2013 issue of *Archives* including photographic coverage, pp. 5-8.

"*Norman Wells in the 1930's*" – as abstracted by C. Tippett from Richard Finnie's 1942 book "*Canada Moves North*", appeared in *Archives*, October 2015, pp. 6-8.

"*Thomas Owen Bosworth*" extracted from "*The Bosworth Expedition: An Early Petroleum Survey*" by Peter McKenzie-Brown with two accompanying obituaries of this gentleman (Bosworth that is), as provided by Mark Cooper in *Archives*, November 2017.

Norman Wells is also featured as one of the pins in the P.H.S. historical pin set collection. It is dated at 1919 which was the initiation of the expedition to Norman Wells.

National Energy Program

"*Canada's Energy Wars: Canada's Energy Policy – Contradiction or Nationalization*" – a summary of a luncheon talk given by Hans Maciej on Dec. 15, 1999, as prepared by Neil Leeson, that appeared in *Archives*, Feb. 2000 issue, p.3.

"*Canadian Oil and Gas Policy: from the N.E.P. to the Canada-U.S. Free Trade Agreement*" – a luncheon presentation by Kelly Ogle on November 31, 2011, the text of which was published in *Archives* Jan. 2012, pp. 6-8. The rest of Kelly's manuscript was not included in subsequent issues – and that oversight is rectified in this issue in the end pages.

"*Veteran Oilman Reflects on the National Energy Program*" – a keynote address by Bob Brawn at the P.H.S. Annual Meeting, March 28, 2018 with abstract in the March 2018 issue of *Archives*, p. 1.

The book "*The Politics of Energy – The Development and Implementation of the N.E.P.*" by Doern, G. B. and Toner, G. 1985, Methuen, 523 pages is also recommended.

NORMAN WELLS

The following has been extracted from the website of Imperial Oil Limited and adapted for Archives. Readers are referred to that website to view the photographs that accompany the original article.

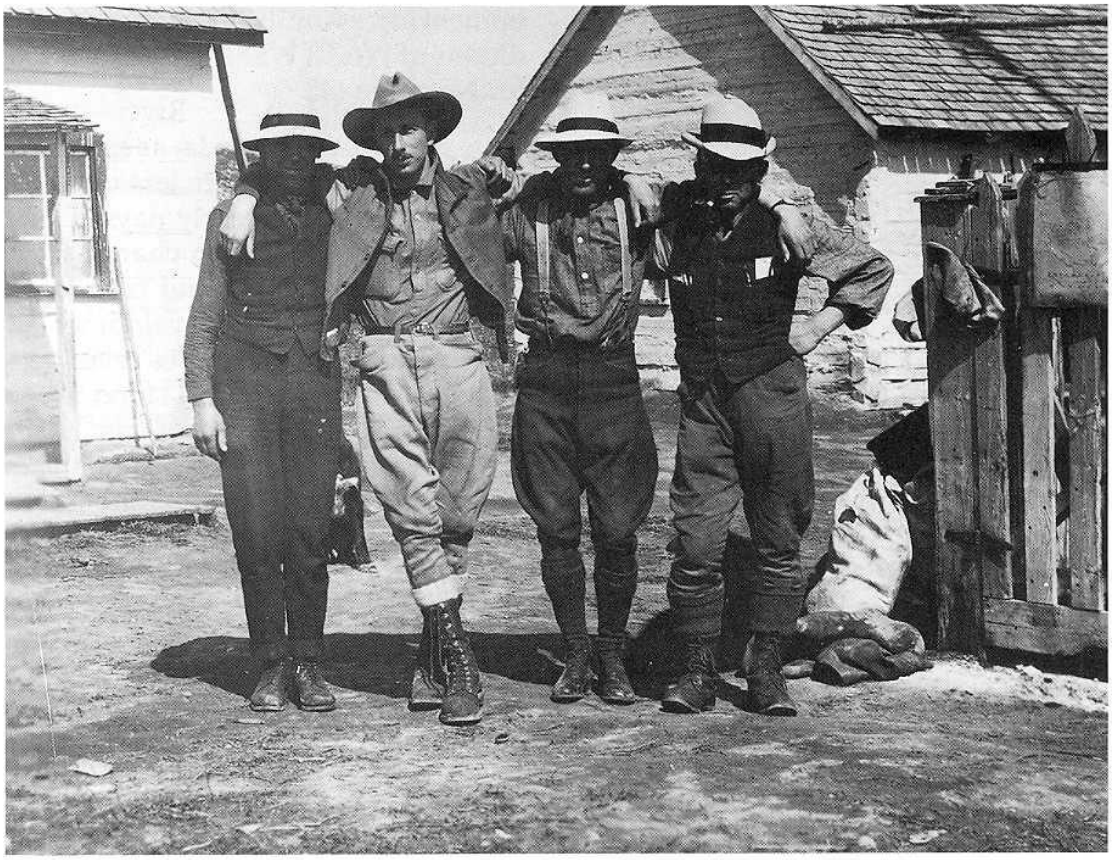
In 1787, Alexander Mackenzie had taken up his post as partner with the North West Company in the Athabasca region. A born explorer, Mackenzie set out in 1789 on what is now known as the Mackenzie River to find a passage by water through the northwestern portion of the continent. A couple weeks later he reached the Arctic Ocean but not where he had hoped. In the transect he passed by the future location of the Norman Wells Field about half way between his encounter with the oil sands and the Arctic Ocean.

In 1911 encouragement for oil exploration by the Canadian Government led a prospector by the name of J.K. Cornwall to the area. Cornwall then hired a Dené trapper by the name of Karkassee, who led him to a small pool of oil on the banks of the Mackenzie. Cornwall collected samples to be sent to Pittsburgh for analysis. The oil was determined to be of high quality, so Cornwall and a geologist by the name of Dr. T.O. Bosworth staked claims: one claim for Cornwall and three for Bosworth (for whom Bosworth Creek was named). Imperial entered the game and purchased all four shares. The company then sent geologist Dr. Ted Link along with eight men, a drilling rig and an ox on the 1,900-kilometre trek by train, river and foot from Edmonton, Alberta. Archives show the assistance these early explorers received from the local Indigenous peoples helped the men to survive and work through the cold winter but the ox did not survive, ultimately being served up for Christmas dinner. During that time, Link recognized the expertise that locals could provide and hired them to assist with identifying suitable areas to lay claim to as much land as possible in the area. One year after their arrival, in August 1920 – 100 years ago - a rig on one of these claims struck oil resulting in a 25 metre “gusher.” That location became known as Norman Wells, in the Slavey language: Tłegǫ̀hłı̨ (Thleh-go-lee) or “where there is oil”, due to its proximity to Fort Norman, which is today known as Tulita. The development of the oilfield would also bring change to the traditional way of life in the region.

Despite efforts to keep the discovery quiet, word spread during the winter of 1920-21 and hundreds of people started making plans to come to the area after spring breakup of the Mackenzie to stake their own claims. Imperial’s response was to purchase two new airplanes to survey from the sky and stake claims around the existing well. The two planes, named Rene and Vic, started the journey from Edmonton, hopscotching their way north through the cold and snow. The explorers again engaged and relied upon local expertise and guidance to help them in navigating the challenging environment, continuing to build a relationship between the local community and the company. When the planes tried to touch down in Fort Simpson, about 500 km to the south of Norman Wells, Rene tilted forward in the fresh snow breaking her propeller and damaging a ski. Vic, landed without issue but had developed a bad knock in her engine. The mechanics onboard the planes took the good skis and propeller from Vic and put them on the crashed Rene so she could complete her journey north. But when Rene tried to take off the plane stalled, causing it to crash and break the good propeller. It seemed as though Vic and Rene would be stuck in Fort Simpson, along with their crews, until a paddlewheel boat could make the trip with new parts in July, after the river thawed. In desperation, the pilots turned to the local Hudson Bay trading post and asked the partners there if they could help out. Astonishingly, they built a replica of the propeller using an old oak toboggan and glue made

from boiled moose hides and hooves (another example of local Indigenous ingenuity and knowledge shared to support the explorers). The moose-propeller worked flawlessly and Imperial was able to stake the entire Norman Wells oilfield from the air.

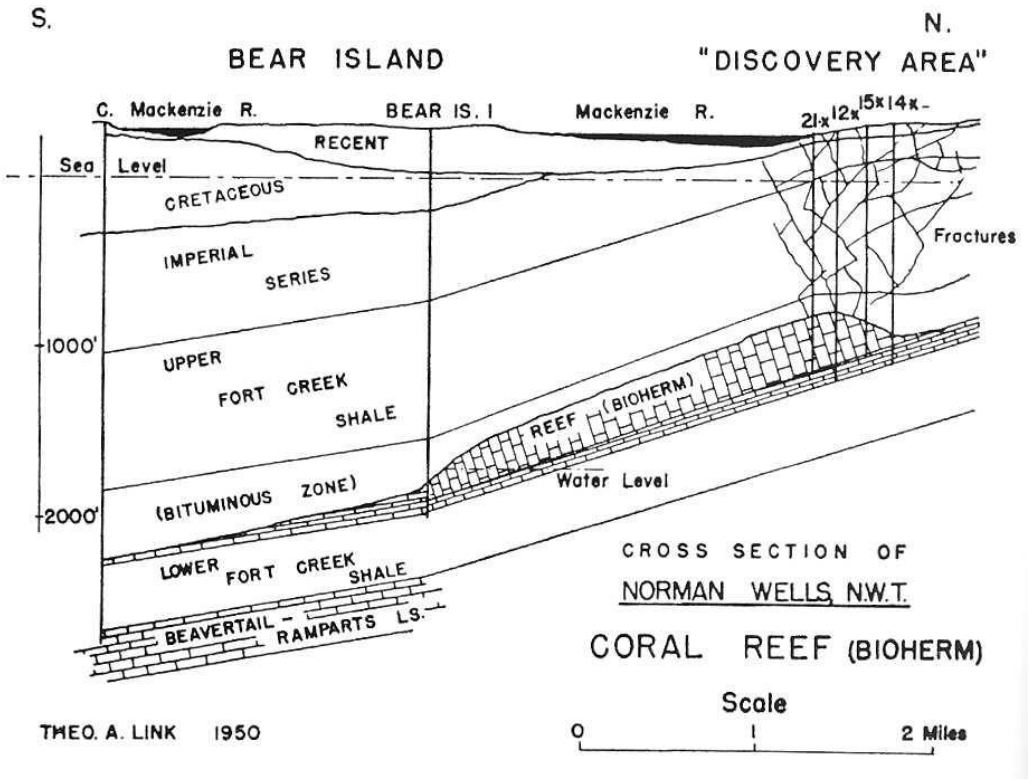
First four men to reach Fort Norman, NWT by airplane. Left Peace River, Alberta on May 29 and arrived at Fort Norman June 12, 1921. Total flying time of 12.5 hours. W. Hill, mechanic; Ted A. Link, geologist; Elmer Fullterton, pilot; W. H. Waddell, surveyor and navigator. (Ted Link.Glenbow Archives/NA-4552-1)



By 1924 Imperial had determined that local demand for oil products wasn't enough to sustain production at Norman Wells, so the existing wells were capped and Imperial withdrew for several years. That is, until 1932 when mining in the area justified the reopening of wells and the drilling of new wells. In 1935, goldmines in the area of Yellowknife created more demand and the oil once again began to flow. As a result, a small refinery capable of producing 1,100 barrels per day was built by Imperial. 1935 was also the first documented contract with a local Indigenous business where Ronald MacKinnon, superintendent, hired Hib Hodgson, a local Métis man, to dismantle, salvage and relocate equipment. The refinery production of fuel oil, gasoline and aviation fuel was used for boats, land vehicles and in the air. The availability of aviation fuel is largely credited with the increased aerial exploration in the Northwest Territories, as planes were now able to travel farther north after refuelling.

After the bombing of Pearl Harbour it became painfully obvious how close Alaska was to Japan. In order to protect the state and Canada from possible enemy attacks, huge quantities of fuel and equipment would be needed. So in May of 1942, with the U.S. concerned about the supply of oil for the war effort, Washington D.C. executed a U.S. War Department contract to further expand Norman Wells and to build a pipeline to Whitehorse. This project would become known

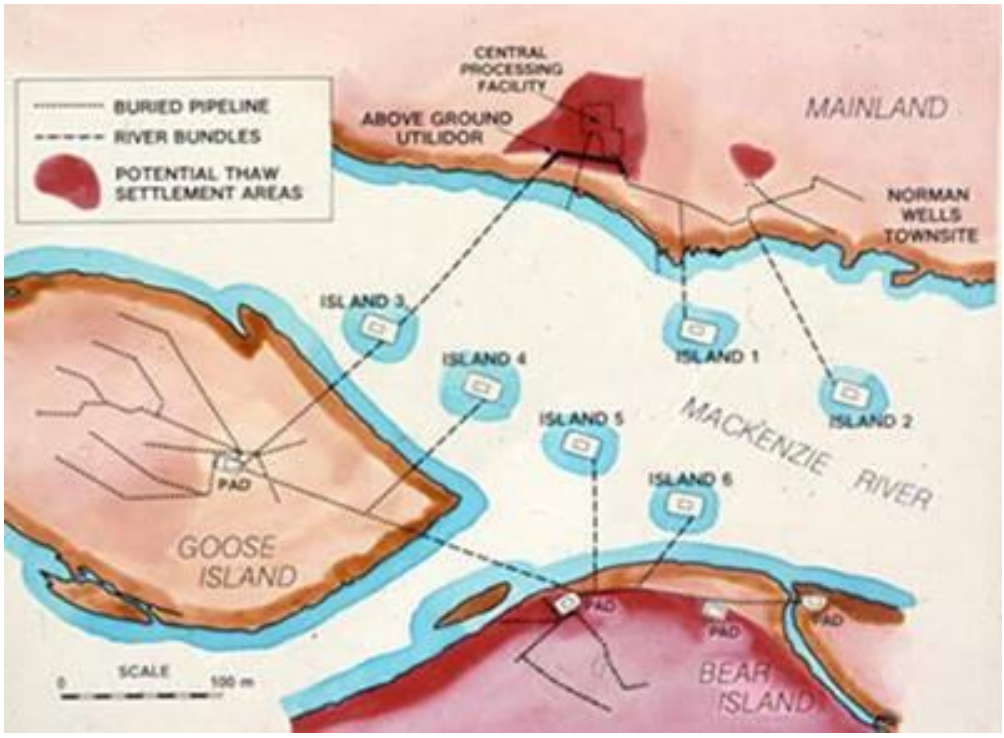
as the Canol Project (combining the words Canada and oil) and involved Imperial Oil Company, Standard Oil Company of California and various architects and contractors. The contract fulfilment itself was aided and supervised by the U.S. Army Corp. of Engineers. The local Sahtu, Dené and Métis people played a crucial role as much of the land that the pipeline traversed was only known to local Indigenous peoples. The Sahtu people assisted the American military by helping to decide where to lay the pipe and the accompanying road to join the Mackenzie Valley to the Yukon.



Once completed, the project consisted of 60 new wells, which increased production by some 3,000 barrels per day, 2,512 km of pipeline, tank farms, airfields and an oil refinery in Whitehorse. The project took 20 months to build from start to finish, from June 1942 until the “golden weld”- the last weld, on the Northwest Territories-Yukon border. The final cost of the project was in the hundreds of millions of dollars. It had employed more than 25,000 people. In 1944, Imperial and the Government of Canada signed an agreement granting exclusive rights to drill, mine, win and extract all the petroleum for three terms of 21 years. But that project was short lived when in March of 1945, the U.S. Army terminated the project with the pipeline only having been in operation for 11 months and delivering only one million barrels. With the drop in demand, wells were once again capped and production at Norman Wells fell back to the pre-war levels of 1,000 barrels per day. The Canol project also meant Imperial had a better understanding of the resources in the area, as recoverable reserves were then estimated at 30 million barrels.

In the mid-1980s, peak oil meant something entirely different than it does today: then it meant peak supply. To address the decline in oil reserves and to access more oil, Imperial devised a plan to extract oil from below the river using manmade islands. At the time, the Norman Wells Field was considered the fourth largest oil deposit in Canada and in 1982 Imperial undertook an

expansion and added six more artificial islands and additional wells. The islands were built over two summers, with four islands constructed in 1983 (Rayuka, Rampart, Dehcho and Ekwe) and the remaining two (Iteh K'ee and Little Bear) constructed in 1984. The project manager for this significant undertaking was Mel Benson – one of many Indigenous people who played key roles in the oilfield over its history. Designed to withstand a once-in-250 year flood, each island is a sand-filled structure held by a ring of rock and protected by armour stones at the upstream corner of each to protect from the mighty Mackenzie and the great forces of ice.



The islands are connected with 26 km of marine utility corridors carrying produced fluids, injection gas, and water and power cables. During the time of island construction, Interprovincial Pipeline (now Enbridge) which Imperial owned 33% of at the time, started construction of a pipeline from Norman Wells to Zama, Alberta. Commissioned in 1985, the 868-km line could accommodate production of up to 30,000 barrels per day.

Editor addendum: The expanded plant and pipeline to Zama functioned very well for about 25 years which is a reasonable field life. Since about 2010 the pipeline has experienced some leaks that has required operations at a lower pressure with less throughput. Recently there was a problem with stability at a major river crossing but the line has been repaired and restarted. Lower production volumes have caused several additional issues with the need to "batch" crude through the line as sustained production and necessary line velocity cannot be maintained. Lower crude production has also meant lower solution gas production. The people of Norman Wells had come to rely on that fuel to the degree that it was surplus to the needs of the processing facility but now they are having to revert to diesel, wood or wood pellets. There was a short-lived burst of activity beginning about 10 years ago related to the prospectivity of the Canol Shale as an unconventional "tight oil" play but unfortunately, despite high hopes for a revival of activity, results were not encouraging and that has been put on the shelf. These are the end-of-life problems of a once critical part of economy of the Northwest Territories.

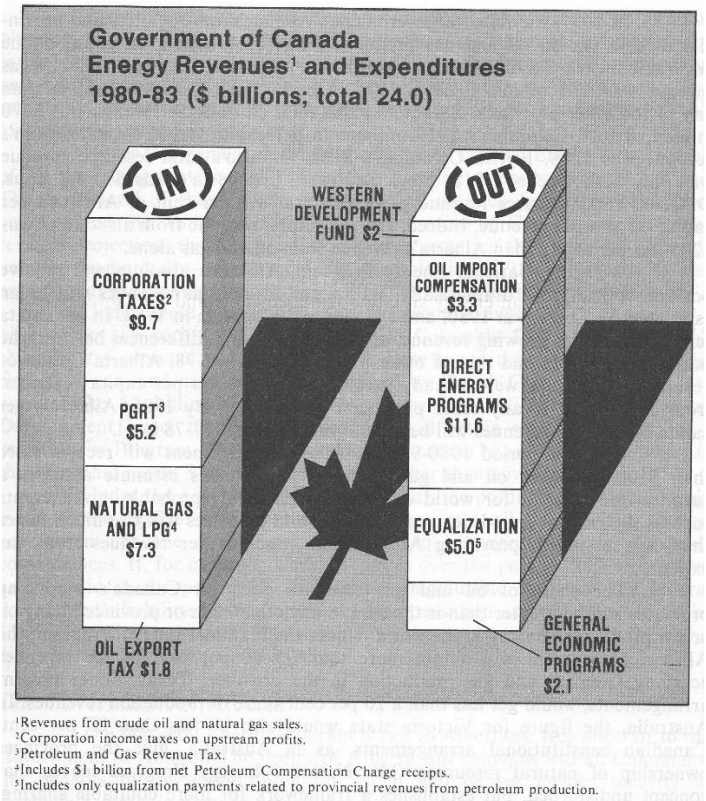
THE NATIONAL ENERGY PROGRAM OF 1980

The current multifaceted attacks on the Canadian petroleum industry have reminded many people of the National Energy Program - also brought into effect by a Liberal Government in Ottawa and also by a Trudeau. Attempts have been made to draw parallels between the two situations. I think that this is incorrect. Without coming across as a supporter of the N.E.P. given that it did cause havoc across Western Canada, I would say that both the contexts and the broad strokes of the policies were and are quite different.

At the time that the N.E.P. was announced in October 1980, the petroleum industry was seen by all as a central component of the Canadian economy and a sector that it was worth fighting over. The Trudeau Liberals wanted to gain more control over both the financial side of the industry and its long term strategic direction. They conceived and launched a coordinated set of energy-related programs that involved every part of the economy from petroleum exploration through to home heating – and even international collaboration and assistance.

In contrast, the present Liberal Government seems to be using every trick in the book to destroy the industry through carbon taxes, fuel standards, and regulatory complications along with downright badmouthing. The government is being ideologically-driven to oppose just about everything that the industry needs to be successful – despite this mainstay being a potential engine for recovery from the pandemic. Talk about shooting yourself – in both feet.

One aspect of a comparison is how program-related funds flowing into the Federal Government compare to the use of those funds. The following diagram shows what the Liberals had in mind in 1980. They seem to have planned to obtain and use roughly the same amounts for energy.



[1]Revenues from crude oil and natural gas sales.
[2]Corporation income taxes on upstream profits.
[3]Petroleum and Gas Revenue Tax.
[4]Includes $1 billion from net Petroleum Compensation Charge receipts.
[5]Includes only equalization payments related to provincial revenues from petroleum production.

The following is the rationalization for the N.E.P., as provided by Energy, Mines and Resources Minister Marc Lalonde, in the preamble to the 115 page 1980 N.E.P. program document

AN ENERGY PROGRAM FOR THE PEOPLE OF CANADA

This is a set of national decisions by the Government of Canada.

The decisions relate to energy. They will impinge, however, on almost every sphere of Canadian activity, on the fortunes of every Canadian, and on the economic and social structure of the nation for years to come. They have major, positive implications for the federation itself.

The Government of Canada is acting from what it perceives to be a position of national strength in energy, not weakness. We in Canada already produce more energy than we consume. We are less vulnerable than most other nations to the caprice of an international oil cartel, and we are better able than most to break that bond. Our energy options are wide enough to preclude any sudden rush to energy choices that may compromise our social and environmental goals. If we can restrain our demands through strong conservation efforts—and this we can do—we can keep these options open.

We have, moreover, a record of achievement. We are second to none—and in many respects we lead the world—in the techniques and the organization required for the exploration and development of primary energy resources. We in fact have a contribution to make to the world, especially the Third World, and we intend to make that contribution.

Matched against this present and potential strength, our energy problems are relatively small on the international scale.

Yet there are problems. The world oil situation threatens the economic growth and stability of the world, and Canada is profoundly affected. In such circumstances our strategy must be to use our domestic energy strength to both shield and stimulate our own economy.

Within the political structure of our own Confederation, our internal energy problems could be allowed through excessively prolonged debate to become divisive, disruptive and a cause of increased uncertainty at the very time when there is urgent need for decision, management, and unity.

We must not let our energy strength become a source of internal weakness. Most Canadians are aware of the strains created within the federation by domestic energy pricing and revenue-sharing issues. At the heart of these issues is fairness—how the benefits and burdens of the new energy situation are shared among Canadians.

Within the space of a year two national governments have attempted, in concert with the provinces, to reach agreement on oil and gas prices as part of a national scheme for the management of our energy future and the equitable distribution of benefits. On all sides the positions have been reasonable; yet consensus has not been possible.

The Governments of the Provinces, by word and action, recognize the need for decision. They share a determination to foster in all Canadians an early and vigorous response to the energy challenge. For the most part, they endorse the view that what is needed now is effective management of a manageable national energy situation; that decisive moves are mandatory.

Accepting its national responsibility in the energy area, the Government of Canada has therefore decided that it must act now, and that it must act in a manner that fully recognizes the special circumstances surrounding energy.

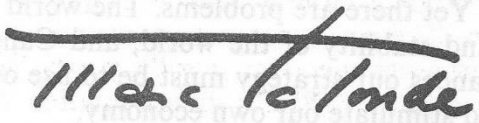
Such considerations have dictated the three precepts of federal action:

- It must establish the basis for Canadians to seize control of their own energy future through *security* of supply and ultimate independence from the world oil market.

- It must offer to Canadians, all Canadians, the real *opportunity* to participate in the energy industry in general and the petroleum industry in particular, and to share in the benefits of industry expansion.

- It must establish a petroleum pricing and revenue-sharing regime that recognizes the requirement of *fairness* to all Canadians no matter where they live.

The Government intends to achieve these objectives through the National Energy Program outlined in this document. It believes this Program to be eminently in the national interest.

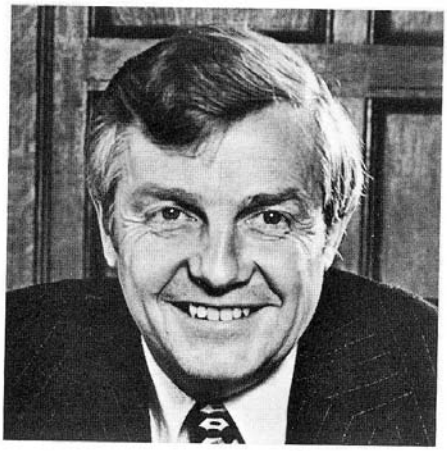


MARC LALONDE
Minister
Energy, Mines and Resources Canada

The Government of Canada will obtain an estimated $24 billion over the four years 1980-83 from crude oil and gas tax revenues. The National Energy Program involves direct energy expenditures of $11.6 billion over the same period. Over this period, the Western Development Fund will cost a further $2.0 billion. In addition, the Government will pay about $3.3 billion in subsidizing those costs of imported oil which are not covered by the Petroleum Compensation Charge. As part of the equalization program, the Government of Canada will pay out $5 billion to the provincial governments to help equalize resource revenues. More than $21.9 billion, or over 90 per cent of the revenues, will be spent on initiatives arising out of the National Energy Program. The remaining $2.1 billion will be used to support the government's general economic program.

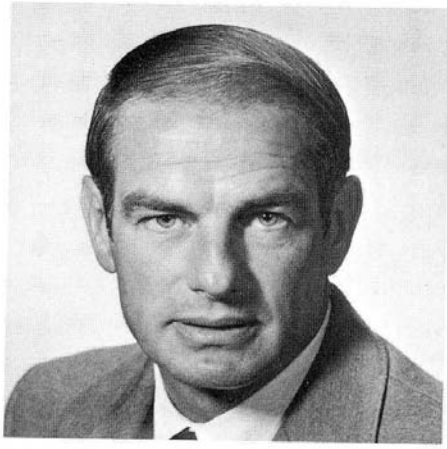
Drilling rigs headed for the United States – late 1980

GOV'T OF ALBERTA



Premier Peter Lougheed of Alberta. Wanted a better deal for gas and oil exported from Alberta.

GOV'T OF ALBERTA



Don Getty, Alberta Minister of Energy and Natural Resources. "We do have, to some degree, the economic clout: the oil and gas."

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President of Dome Petroleum, Smilin' Jack Gallagher (left) and Canadian Prime Minister Pierre Elliott Trudeau (right) on a tour of inspection in the Beaufort Sea. They are almost holding hands which in many was symbolic of the relationship between the Federal Government and the large companies operating in Canada's Frontier regions who were funded to a large degree with N.E.P.-based monies.

Drillship of the Dome Petroleum-affiliated Canmar fleet in the "ice-infested" waters of the Beaufort Sea. Canmar, together with Gulf Canada-affiliated Beaudril, operated large fleets of drilling and support vessels as they mounted multi-year evaluation campaigns that can only be considered military-scale in their size and extent. Photo from "*Breaking Ice with Finesse*" from the Arctic Institute of North America, University of Calgary,

The following is Lalonde's preamble to the 94 page 1982 N.E.P. update:

FOREWORD

On October 28, 1980, the Government of Canada announced a set of national decisions about energy. We acted from what we perceived to be a position of national strength—not weakness—in energy.

We knew that with a concerted effort by all Canadians, it was possible to achieve energy security—independence from the world oil market—in this decade.

We knew that Canadians wanted and deserved to own and control more of their oil and gas industry.

We knew there had to be fairness: between governments and to consumers.

We also knew that none of these things was likely to happen unless the Government of Canada took decisive action.

The National Energy Program has been a central topic of debate. Much of the debate has been helpful. More than ever, Canadians are aware that they are part of the solution to a solvable energy problem. More than ever, Canadians recognize how they can grasp the opportunities afforded by Canada's energy strengths. More than ever, Canadians appreciate the balances that must be struck in sharing the burdens and benefits of our energy situation—between producers and consumers, and between regions of the country.

The National Energy Program is not a single document, nor a static set of policies. The National Energy Program is a dynamic and comprehensive set of evolving responses to a changing world—whether through compromise with provinces, or through necessary mid-course corrections in specific initiatives or the fiscal burden. The National Energy Program has changed, and will continue to do so, as circumstances change and new opportunities emerge. The fundamental strength of the Program is this adaptability around a nationally agreed and unchanging set of objectives:

- Security of oil supply,
- Opportunity for Canadians to participate in their oil and gas industry, and
- Fairness in the distribution of energy benefits and burdens.

The Government of Canada is pleased with progress made to date. Canadians as taxpayers, producers and consumers, should be aware of this progress. This *Update* reports in detail on progress towards our three objectives. At the same time, some new measures are indicated to respond to new needs and circumstances. These are outlined in this *Update*.

The Government of Canada believes even more than it did on October 28, 1980, that its energy objectives are achievable in this decade. I believe that those who read this *Update* will agree with our assessment of the future.

Marc Lalonde

MARC LALONDE
Minister,
Energy, Mines and Resources Canada.

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There is one funny story about the PetroCanada International Assistance Corporation. In the late 1980's several ex-Shell Canada individuals were working for P.C.I.A.C. in East Africa. Part of this arrangement was educating government officials about the petroleum potential of their countries and how they should go about interacting with the multinationals. Apparently some Shell Group staff resented this as it undermined their competitive edge over the locals.

The C.B.C.'s "*Still Standing*" Series

"*Still Standing*" is a currently-running production of the Canadian Broadcasting Corporation. It features actor and comedian Jonny Harris who is best known for his role in the series "Murdoch Mysteries". As described in Wiki "*Still Standing*" features "towns that are against the ropes but still hanging in there" and specifically the stories of "small towns in Canada and how they overcome struggles". Each half hour episode is split between a stand-up commentary held in a local hall and a number of encounters with members of the community who are engaged in a business or some other activity of interest. Historical footage is interspersed throughout. The program was first screened in 2015 and is now in Season 6 having aired 75 episodes. The program and those involved in its production have won numerous awards. Of particular interest to P.H.S. members is Episode 74 which was first broadcast on December 8, 2020 and featured the town of Turner Valley. The outdoor footage was shot on a gorgeous, clear and snow-covered winter days, probably in late 2019 or early 2020. There is some great drone coverage of the gas plant and the town. I wasn't really aware of how much the town had grown to the west. Aerial shots along Sunset Blvd. looking west show the older treed portion of the town to the north and the newer developments with virtually no trees to the south. Jonny is led through the plant by Donna Elkow, a tour guide employed by Alberta Culture. He also has encounters with local business people including David Farran (President – Eau Claire Distillery), Crystal Salamon (Adult colouring book author – Ignite and Awaken), Chad and Erin Kendrick (Founders – Treeline Outdoors), Elliot Duff (Owner – Foundation Martial Arts) and Dave Lawrence (Owner of the Woodstock Hotel). Harris's banter is quite funny and the large packed audience gathered in the Flare and Derrick Community Centre certainly appreciated it. Some off-colour jokes about wet gas got all in a good mood. During Donna's walk along the street with Jonny, she reveals the history of the town and its petroleum legacy. Farran describes the logic for their whiskey distillery and how the local economy is now partly driven by oil field reclamation projects. Harris doesn't believe that you can clean dirt!

One hates to be too critical about a program that actually highlights the petroleum industry in a (mostly) positive light but there are a few aspects that seem a bit off. Quite a lot of the historical footage isn't from Turner Valley – maybe from Leduc or beyond? As usual the colourful production testing of oil wells is shown as examples of natural gas flaring. A claim is made for some reason that the floor of the compressor building, while it was active, was so clean that you could eat off of it. Probably most galling, however, is Jonny's comment at the end that "you've survived for 30 years without oil and gas". While this may sound like music to the ears of environmentalists, it isn't true. While the original plant did shut down in the 1980's there is still an active natural gas compression facility on site. Oil and gas wells remain active throughout the region. So this is hardly the place that hydrocarbons forgot. At the end of the program you can see the long list of script developers used by the C.B.C. for the program. You would think that they'd be able to get it right, but maybe that didn't fit their preconceptions.

"*Still Standing*" has had a few other episodes that connect with the petroleum industry. #73, which aired on December 1, 2020, is about Botwood in Newfoundland. A central aspect of their story is that Botwood used to be a refueling stop for the flying boats of the 1930's. They have the Botwood Flying Boat Museum and Archives as well as the Newfoundland Flying Boat Festival. P.H.S. *Archives* featured the latter in an article in our February 2006 issue, page 6. Other episodes with a petroleum collection are #6 – Oil Springs, Ontario and, #27 – Fort McMurray, Alberta. There are lots of coal mining and hard rock mining ones as well.

"*STILL STANDING*" – ITS PETROLEUM CONNECTIONS

Jonny Harris inspects the piping in the sweetening building at the Turner Valley Gas Plant.

Jonny Harris discusses flying boat aviation history with Lisa Hemeon, Curator of the Botwood Historical Society, in the Botwood Flying Boat Museum, Newfoundland.

HARRY POLLARD – PHOTOGRAPHER EXTRAORDINAIRE

The following article is reproduced from *Alberta History* magazine, Spring 1981 edition, v. 29, no. 2, pp. 20-28. The additional pages contained examples of Pollard's craft. It should be noted that there are only a handful of key Canadian photographers. These include Nicholas Morant and Omer Lavallee of Canadian Pacific fame and Yousef Karsh of portrait fame. Pollard was in that esteemed group and he has left us a tremendous historical legacy spanning half a century.

Harry Pollard, Photographer

By

WENDY S. MEDLAND

In 1898 a Tillsonburg, Ontario, photographer, Harry Pollard, arrived in Calgary to begin a lifetime career that would take him to the tops of mountains and around the world more than a dozen times.

Harry Pollard's career began in his family's photographic studio in Tillsonburg. He prepared the plates for his artistic father, James, from a young age and evidently picked up his father's artistic eye and sense of history. Harry's brother Fred, was to continue the family business so Harry moved on and found Calgary promised him the adventure and recognition he was seeking.

Once in Calgary, seventeen-year-old Pollard lost no time in setting up a studio specializing in portrait photography. He soon became interested in the Indian population and inspired by artist Charles Russell, Pollard visited the Blackfoot, Sarcee and Stoney camps painstakingly gaining their confidence with trade and gifts. As Pollard explained his interest in their culture the Indians came to respect him and thereafter posed for him. The Indian portraits Pollard took have captured the pride, the torment, the courage and the beauty of those people Pollard had come to admire. Duck Chief in particular was a friend and Pollard described him as "a real aristocrat." Pollard's collection from this period (1899 to 1910) include rare photographs of religious and social ceremonies such as funeral rites and the Sun Dance ceremony.

The keen sense that enabled Pollard to capture such exquisite detail in his Indian portraits is also apparent in his photographs of Calgary personalities and pioneers. As his base was in Calgary he had an excellent opportunity to record the growth of business, the Stampede parades, the victory celebrations, and Calgary street scenes. He also travelled around southern Alberta photographing the farmer, the rancher, and the vastness of the prairie. He was in Turner Valley in 1914 when the Dingman discovery well blew in and reported that many of the motorists had their autos filled directly from the well and ran their autos on it without refining. He was in the first automobile to complete the Golden-Field Highway in 1927. He was at Leduc in 1947 to record Imperial Oil No. 1 blowing in and as at Turner Valley recorded the people who were making history as well as the events.

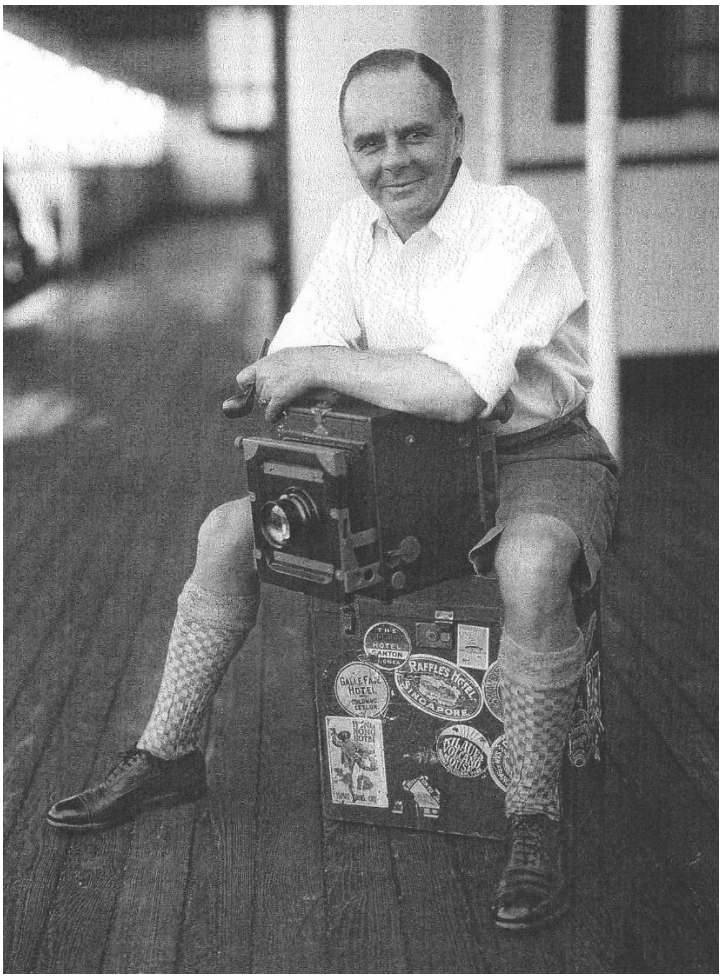
Pollard became not only recognized in Calgary but throughout Canada and in 1924 became the press photographer for Canadian Pacific Railway and Associated Screen News. In this role he travelled the world on steamships, photographing passengers, dignitaries and monuments in 38 countries including Egypt, Siam, Japan, Greece, India, Spain, Cuba and Panama. He became involved with the people of these countries, interviewing them and candidly giving his impressions of them and the cultures they represented.

Pollard made 16 world tours but Calgary was his home and as a member of the Canadian Alpine Club he climbed over 50 mountains with his camera and glass plates in tow. He was in the second party to climb Mount Robson and also climbed Cascade, Victoria and Assiniboine Mountains. One man, Osborne Scott, wrote to Pollard requesting a photo of Pollard and himself at the top of Mount Robson ". . . so that I can say I know the guy who carried a 5 × 7 a couple of miles straight up in the air!"

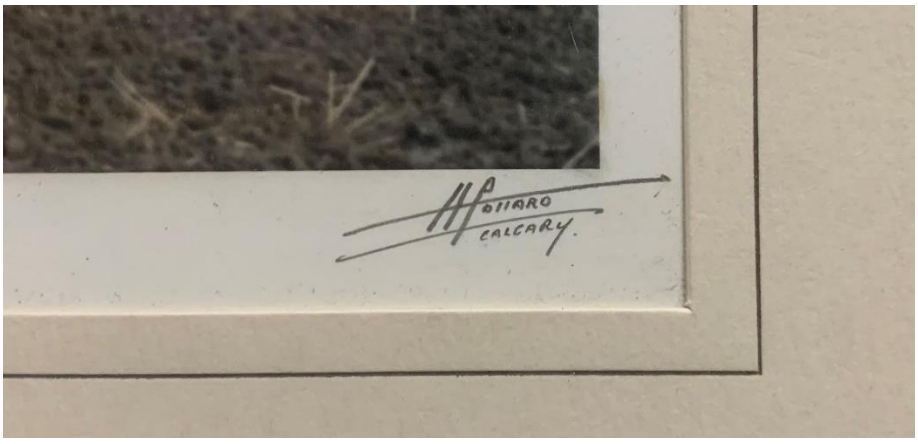
Harry Pollard retired in 1954 and retained the high energy that had typified his working career. Not only did he spend time with his wife Ella, a former Miss Canada, but gave slide shows on the countries he had visited, hand coloured his Indian portraits and remained active in numerous clubs. In the 1960s he again made headlines by threatening to destroy his historically valuable negatives unless his price was met. In 1964 the Alberta government acquired his entire collection of over 10,000 negatives and it is now housed in the Provincial Archives of Alberta.

Harry Pollard died four years later at the age of 87. His lifetime work has assured him of the recognition he so rightly deserves.

Ms. Medland is on the staff of the Provincial Archives of Alberta, Edmonton, and works with its photographic collections.



This picture of Harry Pollard was contained in David L. Lawrence's book "*See This World before the Next – Cruising with CPR Steamships in the Twenties and Thirties*". The photo was captioned "*In the twenties and thirties, Associated Screen News photographer Harry Pollard was probably the most well-travelled cameraman in the world, cruising on more than a dozen CPR world tours*". (Photograph from the Provincial Archives of Alberta - P10125)



Pollard's signature (and Calgary base) on one of his photos (see next page)

Continental Leduc No. 9 Blowing in April 19, 1949. Photograph by Harry Pollard (signature in lower right corner). This is a good example of what a production test looks like. The well is being allowed to "clean up" by flowing and burning off oil and whatever other matter might be in the wellbore (drilling mud, water). This is not the flaring of waste natural gas. The clue is partly in the colour – oil burns with an orange colour whereas natural gas burns colourless or bluish. Such pictures are generally composed with the flare in the foreground and the rig in the background to show the context. Despite the optics, the flow is not coming from the wellhead but from a flare stack some distance on this side of the well. The fact that the rig is still there times this test and photo to shortly after the completion of the drilling. *Editor's comment: I came into possession of this framed photograph accidentally. I purchased another picture at the now defunct Wordsworth bookstore in downtown Calgary and when I got it home I realized that the photo above was hidden in behind the one that had been visible. As this was far better than the one that I had based my purchase on, it was a very pleasant surprise!*

REMEMBRANCES

(with thanks to the Calgary Herald and the Globe and Mail)

We continue our tradition of honouring those who have been integral parts of the Canadian petroleum industry and have contributed to its success.

Note that in the following, comments in italics are from the editor, generally adding a bit of P.H.S.-related or personal commentary to these edited memorials.

Bonke, Carl Anton. Born September 6, 1935 in Calgary, Alberta and passed away November 21, 2020. Carl graduated from S.A.I.T. in 1956. He had a successful 37 year career with Shell Canada where he worked on projects in the Yukon, B.C., the East Coast and Alberta. He had amazing positivity and optimism, was fun loving and a joy to be around. He had a great sense of humour and was known for telling lots of interesting stories.

Editor's note: Carl's main role with Shell was as the company's representative in areas where Shell was operating – handling liaison amongst Shell contractors, communities and governments. He was the "go-to" person for sorting out problems and providing support where that was possible. He knew everyone. Given his positive and outgoing character, he was the ideal person to be Shell's "face" in the region and his word came to be trusted by those with whom he dealt.

Comer, Robert (Bob) Lionel. Born June 11, 1930 in Saskatoon, Saskatchewan and passed away September 25, 2020. Bob was raised in Saskatoon and graduated in physics from the University of Saskatchewan. A professional geophysicist, he joined Shell and worked on seismic crews in various towns in Alberta and Saskatchewan and in the Calgary, Regina, and Edmonton offices. Subsequently, he was a consultant for 30 years as a partner in Comer and Wilson in Calgary. Bob and his wife, Marg, travelled a great deal for Bob's work, including to China, Houston, Pakistan, and Vancouver. He was very active in scientific associations, even after he retired. Bob served as President of the Canadian Society of Exploration Geophysicists and was awarded their Meritorious Service Award and Honorary Membership, of which he was very proud. He served on many committees of the Association of Professional Engineers, Geologists, and Geophysicists of Alberta and served a three-year term on their Council. For five years Bob represented this organization on the Canadian Council of Professional Geoscientists and served as their Secretary-Treasurer.

Herron, William Stewart. Born January 8, 1934 in Calgary, Alberta and passed away December 3, 2020. After receiving his B.Sc. in Petroleum Engineering in 1957, Bill worked for Hudson's Bay Oil and Gas in Calgary, where he and Carol met and married in 1959. In 1968, Bill and Carol purchased the Mt. Norquay ski area in Banff, Alberta which they operated for the next ten years. After returning to Calgary, Bill resumed work as a consulting engineer while obtaining his Realtor's License. He retired, a successful realtor, in 2012.

Editor's note: P.H.S Director Doug Cass advises that William Herron was the grandson of Turner Valley discoverer Bill Herron and son of petroleum businessman Bill Herron, Jr. He obviously had some involvement with the Calgary oilpatch but not to the same extent as his ancestors. As for his skiing connection, it was all downhill from there.

Irwin, John (Jack). Born May 12, 1929 in Edmonton, Alberta and passed away December 6, 2020. Jack was raised in Edmonton and moved to Calgary in 1952. He went on to enjoy a successful career of 37 years as a Landman working for British-American, Pacific 66, and DeKalb Petroleum from which he retired as Vice-President of Land and Contracts. Jack was a proud member of The Canadian Association of Petroleum Landmen (C.A.P.L.) and served as its President in 1970.

Jack had a gift that made all who surrounded him feel welcome, wanted, and valued. People felt lifted up and important to him, and they were. He was a great friend, neighbour, business associate, a diehard Calgary Stampeder and Flames fan. He was kind, gentle, fun, rarely serious, a jokester who loved to tell the same jokes over and over - many corny but clean. Some were not as funny as he thought, but he would laugh and laugh, and you would too as his laugh was that contagious. Jack was a great story teller, and some of them actually happened. His legacy as a great host at his house or farm, was always complemented by Marion, who served great meals while Jack told jokes, stories, and socialized. Jack especially loved children, as he was like a kid himself. In the mid-sixties he would hold annual passing parties for all the kids on his block, complete with pop, hot dogs, and ice cream. At his farm he often took nieces, nephews, grandkids and other children who all enjoyed a hay, tractor or snowmobile ride. Jack loved being at his farm tinkering in his Quonset, it was his place of solitude. When at the farm he often was scraped, nicked, bruised, or cut. Like a cat with nine lives, he never let anything slow him down. Soon after healing, he would be onto another risky adventure. Jack was a man who walked with conviction, passion, integrity and his word was always good. Honesty was an important virtue to him. He was generous, kind, gentle, soft hearted, and led by example. His humorous side came naturally; many would say he was a character, which he was.

Mogensen, Hugh. Born August 1930 in Calgary, Alberta and passed away September 23, 2020. Hugh was born in Calgary's General Hospital in August, 1930, the eldest of five children of new Danish immigrants. He spent his first nine years in East Calgary, an area we now call Inglewood. In 1939 his parents left the challenging economic times in the city for a farming homestead northwest of Red Deer that they literally carved out of dense bush. For the next nine years he lived with his family while often boarding with others in the Rimbey and Red Deer areas so that he could attend high school. The freedom and challenges he experienced as a youth instilled in Hugh an unwavering determination and work ethic. After a brief stint as a school teacher in rural Alberta, Hugh returned to the University of Alberta and in 1956 graduated with a B.Sc. in Geology.

Hugh was fortunate to enter the mid-1950's Alberta work force with a geology degree. Combined with his drive, integrity and aptitude it facilitated a very successful 50+ year career in the energy and mining industries. Highlights are too numerous to mention but include opening an office in London, England for CIGOL (Norcen Energy) in 1971 to pursue international oil and gas prospects, and serving as the founding President of Calgary-based Inverness Petroleum. He served on the boards of over a dozen independent resource firms over the years, was a mentor and sounding board for many aspiring entrepreneurs, and was an active investor until his final days. He also applied his entrepreneurial acumen to a wide range of small business ventures, often supporting the dreams of family and friends. He was a lover of literature and the arts, especially humorous verse and musical theatre. In light-hearted moments he could be heard happily reciting (or singing) the lyrics to any number of Gilbert and Sullivan or Noel Coward pieces, usually in an impeccable British accent. Hugh was a voracious reader, a student

of world history, and a lover of classic movies and the intricacies of human language. He never forgot his humble roots, and few things (aside from his daily crossword puzzle) gave him more pleasure than assisting family, friends and numerous charitable organizations.

Pallister, Alfred Ernest (Ernie). Born October 28, 1927 in Edmonton, Alberta and passed away October 4, 2020. Ernie earned his B.Sc. from the University of Alberta. In the 1950's, as one of the first geophysicists, he organized seismic "Quest" programs in the N.W.T. and the Arctic. A talented leader, Ernie's contributions to Canadian science, research and management were recognized with many honors, including being named an Officer of the Order of Canada, and receiving the Alberta Order of Excellence, the Queen Elizabeth II Diamond Jubilee medal, and two honorary degrees. He is remembered as a compassionate friend, patient mentor, and inspirational patriarch who saw the future as full of promise and opportunity, a "Rainbow Quest" for his grandkids.

Pasini, Albert Roger. Born in 1933 in Drumheller, Alberta and passed away June 25, 2020. Al was raised by immigrant parents to value education and understand the importance of hard work. He left Drumheller to pursue an engineering degree at the University of Alberta and graduated with a degree in Civil Engineering in 1955. In 1959 he began a 36-year career with UMA Engineering (now AECOM). Al was a leader in engineering, project management and business management for the UMA Group. His achievements in management and technical guidance for many significant Canadian infrastructure projects are a testament to his career. He was project principal for the Dickson Dam, Oldman River Dam and Norman Wels Pipeline Projects as well as having significant involvement in other notable projects such as the Calgary Olympic Bobsleigh and Luge, Syncrude water supply and many more. Al was named President and Chief Operating Officer for the UMA Group in 1983 and became Chairman, President and C.E.O. in 1991. He guided the growth of the diverse engineering and project management operations until his retirement in 1995. After that he deployed his knowledge and expertise in the service of his community. He joined the Board of the Edmonton Airport Authority and brought his talents as a project manager and unique perspective as a former pilot to the oversight of the reconstruction of the international airport.

Smith, Arthur Young, Jr. Born September 4, 1929 in Detroit, Michigan and passed away August 23, 2020. Art graduated from McGill University in 1957 with a B.Sc. (Honours) in Geology and went on to earn his M.Sc. (Honours) in Geology from Queen's University in 1961. He completed course work for his Ph.D. at Carleton University but started working before he completed the requirements for that degree. Coming from an old Ottawa family that was artistic, Art started out an assistant in the Ottawa studio of the photographer Malak Karsh and became an adept photographer in his own right. When the opportunity arose to put his photographic skills to work with the Geological Survey of Canada, he jumped at the adventure of doing airborne photo and magnetic surveys in northern Alberta, the Northwest Territories and the Yukon, often flying in the bellies of old wartime Lancasters and the Canso Flying Boat, operating the cameras and magnetometers. His photos of Fort McMurray in the early sixties, capturing Fort Mac before the oil boom, are in the archives of the city. He quickly fell in love with the opportunities that geology, geological surveying and geochemistry gave him for understanding the world at scales ranging from continental to the elemental. Early in his career he and his family spent summers in Bathurst, New Brunswick; Elliott Lake, Ontario; and Bancroft, Ontario working on gold and uranium deposits and doing groundwater surveys. His early survey work

helped him to develop some of the early radon detection equipment that came into commercial use.

His works as a geologist and geochemist for the G.S.C. and International Atomic Energy Agency (I.A.E.A.) took him to many locations worldwide doing original fieldwork and training researchers in methods that he and his teams developed for uranium exploration and mapping. He eventually moved to I.A.E.A. headquarters in Vienna, Austria where he worked in the Division of Nuclear Fuel Cycle and Waste Technology until his retirement in 1989. In April 1986, during the Chernobyl accident, he was a member of the team that advised the I.A.E.A. on natural background radiation. After retirement, as a former member of the I.A.E.A., he shared in the 2005 Nobel Peace Prize which was awarded "for their efforts to prevent nuclear energy from being used for military purposes and to ensure that nuclear energy for peaceful purposes is used in the safest possible way".

After his retirement Art moved to his farm in Fulford, Quebec where he operated a woodlot and lived until a month before his death. He was a devotee of classical music, opera, jazz and most other forms of music. He was a gifted storyteller, a voracious reader and a proud Canadian, fascinated with Canada's history and contemporary politics. Always a bon vivant, his taste in wine was exceptionally broad but Scotch was his drink of choice.

Stoneman, Douglas (Doug) G. Born May 21, 1931 in Ottawa, Ontario and passed away June 17, 2020. Doug was raised in Winnipeg, where he graduated with a degree in Civil Engineering from the University of Manitoba. He joined Shell Canada upon graduation and over the next 37 years he progressed from the field, through the engineering pool, to management and into the executive suite. Doug's career took the family to many locations, including an exciting foreign posting to New York City in the mid 1960's, but Calgary was most often home.

Editor's note: Doug Stoneman was Executive Vice-President for Resources and a legend at Shell Canada. His abode there was likened by one employee as being like that of an emperor with numerous well-endowed rooms with luxurious carpets and private bathrooms. Under his "rule" individual engineers were made (or not) and his imprint on the organization lasted well beyond his tenure.

Taylor, Nicholas (Nick) William. Born November 17, 1927 in Bow Island, Alberta and passed away October 3, 2020. Nick grew up as the eldest of five children on a farm outside Bow Island in southern Alberta. He traveled to Medicine Hat for high school and went on to the University of Alberta, graduating in 1949 with degrees in Geology and Mining Engineering. Nick worked as a geologist for a variety of oil companies in the 1950's and "went out on his own" in 1960, forming Lochiel Exploration. In its heyday, Lochiel had offices in Calgary, Alberta; London, England; Syracuse, New York; Tel Aviv, Israel; Cairo, Egypt; and Istanbul, Turkey. Nick was a true entrepreneur and tenacious businessman who believed the measure of a person was not in how many times he failed, but in how he learned from his failures and kept on moving forward. These beliefs were tested often over the years as the energy market ebbed and flowed through some trying economic times.

During this time, Nick discovered a passion for politics and found that the values of the Liberal Party were closely aligned with his own. He set out in the federal Liberal Party, running in Calgary Center during the 60's and lost by a heartbreaking margin to the long-time incumbent for the Conservatives. Heartened by the near win and philosophical as ever, Nick decided

Albertans should be able to choose which Liberal Party and liberal philosophy suited them, and went to work building the Alberta Liberal Party from the remains of the moribund provincial wing of the federal Liberal Party. He led the Alberta Liberal Party from 1974 to 1988. As a politician, Nick loved a good debate, rife with quips, quotes and humour. He could take a good ribbing as well as give it, but at the end of the day he always respected his opponents. Various articles referred to him during this time in Alberta politics as the "likable and quotable stalwart" and the "lone voice in the wilderness," who held his Liberal caucus meetings in a phone booth." Nick was a sitting Alberta MLA for Westlock-Sturgeon and Redwater constituencies from 1986 to 1996. In 1996, Nick received an offer from then Prime Minister Jean Chrétien to fill a Senate vacancy in Alberta. He accepted and served as a Senator from 1996 until his retirement in 2002, at the age of seventy-five. Nick enjoyed the Senate, and served on several different House committees, making significant contributions in each case; he respected Canada's parliamentary system, believing in the need for a strong opposition and holding the government accountable.

Editor's note: Nick was a recent member of the Petroleum History Society and attended a number of our luncheons. On one occasion the speaker was Kevin Taft who had also been a leader of the Alberta Liberal Party – so it was interesting to have two specimens of that same species in the room at once!

Thomas, Godfrey (Geoff) Edward. Born February 4, 1925 in Bettws, Wales and passed away June 7, 2020. Geoff was born in the coal valleys of southern Wales, United Kingdom. Despite modest upbringings he attended university on a scholarship. He was awarded his M.Sc. from Cardiff University in 1951, the same year he immigrated to Canada. Geoff loved to sing. He always attributed his best career move to an on-demand performance to a prospective employer "who hired him on the spot after hearing him sing". Geoff moved to Regina, Saskatchewan to work as a petroleum geologist. In 1955 he and his family moved to Calgary. Geoff worked for many years as an independent geologist, and was responsible for bringing many exploration companies to onshore UK in the heady days of the North Sea oil discoveries. Later, managing the Canadian operations of a Denver-based company gave him the opportunity to combine base business with his passion for geology. Geoff, in his heart of hearts was always an explorationist. One could say he never retired from geology as he always had a gold play to dream of, a rock to polish or an oil well to be drilled.

Vanden Brink, Antonie (Tony). Born October 10, 1928 in Enschede, Holland and passed away September 8, 2020. Tony was the first child of thirteen and was raised in the Dutch Reformed Church, surviving the food shortages of the thirties. His curiosity and high intellect were recognized early in his life at fourteen when his school teacher met with his parents to encourage finishing high school rather than the typical transfer to trade school. This highly unusual request was accepted, and Tony became a lifelong learner. He was a voracious reader often by streetlight long after lights out. He lived in Holland, just west of the German border, during WWII and, served in Indonesia with the Dutch Marines at the ripe old age of eighteen. The Marines paid almost twice as much per month as the Dutch Army and their nicer-looking uniforms were well liked by the girls. Three years serving in Indonesia started Tony's love affair with spicy food, the hotter the better. While Tony was in Indonesia, his brother Jake was sent to Canada to investigate the potential of this country as a new home for the family after the war left Europe decimated. In February 1950 Tony, along with his father and two brothers, came to Canada to check it out for themselves. His father then sent for the rest of the family. His mother

and the nine remaining children set sail for Canada to settle on a farm in Rocky Mountain House purchased with savings from Jake's work in Canada.

Tony's first job in Canada was at the Provincial Training School (P.T.S.) in Red Deer. Realizing there was little room for promotion, the always striving Tony struck out for employment on the drilling rigs and landed his first job in the oil patch with SEDCO. Upwardly mobile, he started in the dumb corner (roughneck) and worked his way up at lightning speed to Tool Pusher in three and a half years and to Field Superintendent in another four years. Five years later Tony ventured out on his own purchasing Petrolia Drilling with two partners. The merging of Petrolia Drilling with Kenting Aviation and subsequently Trimac Ltd.'s acquisition of Kenting Ltd. led Tony to the corner office from which he retired in 1988. His illustrious oil and gas career was crowned by his induction into the Canadian Petroleum Hall of Fame in 2002. Also during that year, Aubrey Kerr penned Antonie Vanden Brink's biography as a "*Thought Leader and Humanitarian*" subtitled "*Dumb Corner to Corner Office*". A map hung in Tony's Bel Aire home with pins of his travels, black for places he travelled to for business and red for places he travelled to for pleasure. With the exception of Antarctica, he travelled to every continent in the world.

As Tony was a student of the world he was also a student of the game of golf. He had a love of the game and was always trying to improve whether by lessons or buying the latest and greatest piece of equipment. The golf course was a place where relationships were fostered and lifelong friendships created. Where else could you have four captive hours to promote business or cement friendships? He thoroughly enjoyed his fifty-two year tenure at the Calgary Golf and Country Club especially for the experience, both golf and culinary! Retirement to Tony meant "doing what he wanted" and he wanted to work for himself. Tokay Resources, now Tokay Capital, was created to house all the business ventures that interested him - and there were many. Relationships established throughout his life became his partners and his handshake remained his contract. Tony was conducting business right up to the week before his passing. Once all hope of recovery was removed by his doctor, he succumbed in less than an hour, quick and final as with all decisions Tony made.

Editor's note: Tony was a Lifetime Member of the Petroleum History Society and attended many of our functions over the years. He often had an insightful question or two for our luncheon speakers based on his broad industry experience. Tony was also always a friendly face at the annual induction ceremonies of the Canadian Petroleum Hall of Fame.

Ward, Maxwell William. Born November 21, 1921 in Edmonton, Alberta and passed away November 2, 2020. Max was educated in Edmonton and began his aviation career in the R.C.A.F. in 1940, training pilots during WWII. After the war, he followed the heroes of his early years in Edmonton and went on to fly bush planes in Canada's far north, demonstrating his life-long love of flying, adventure, enterprise and the Arctic, and contributing to mapping the Canadian North. In 1946 he organized his own air operation, Polaris Charter Company Limited, based in Yellowknife, with one single-engine aircraft, a de Havilland Fox Moth, hauling prospectors and supplies into mining exploration camps. In 1948 he entered into a partnership that formed Yellowknife Airways but in the fall of 1949 left aviation to enter the home construction business in Lethbridge, Alberta.

In 1953 he established Wardair, based in Yellowknife with a newly-acquired de Havilland Otter and a licence to operate a domestic charter from that location. In 1954 he bought a DH Beaver

and in 1955, a second Otter. He gradually expanded his operation by adding a new aircraft each year. In 1957 he purchased the company's first heavy aircraft, a Bristol freighter. Using oversized tires, he and his pilots pioneered the air transport of heavy equipment into the far Arctic and in May 1967, made the first landing of an aircraft on wheels at the geographic North Pole. Max grew the company into one of Canada's largest scheduled carriers over the next 25 years. However, in the face of rising costs and the need to take on additional debt, he sold the company to Pacific Western Airlines in 1989.

He received many honours over the years including the Order of Canada in 1975. He was inducted into the Canadian Business Hall of Fame in 1993 and was one of the original inductees into Canada's Aviation Hall of Fame in 1973. Max was married to Marjorie for 76 years. Obviously a man of decisive action, he asked her to marry him on their first date. Since the Fox Moth flights in the 1940's, Max's love of the Arctic and the adventure it offered shone as he and his family enjoyed summers at Redrock Lake on the NWT.

Editor's note: Although Max Ward wasn't directly associated with the petroleum industry, the aviation services that he pioneered and provided enabled the industry to operate in places that would otherwise have been inaccessible.

Ziff, Paul. Born October 26, 1951 and passed away November 28, 2020. Paul inherited a strong sense of public service from his parents. Growing up he experienced firsthand the profound impact they had upon the politics and educational institutions in his childhood home of Fort Erie, Ontario. As a teenager, Paul began a lifelong interest in politics. While attending Harvard University, a year abroad in Paris studying at the Institute d'Etudes Politiques at the Sorbonne, marked the beginning of his enduring passion for the arts.

Following graduation from Harvard, Paul moved to Montreal where he delved into the field of international lending. He soon moved to Calgary and began his long and storied career in the energy field. After joining the Alberta Petroleum Marketing Commission in 1976 and specializing in natural gas pricing, he became an oil and gas investment analyst before starting his own consulting practice in 1982. Driven in part by his strong opinions on natural gas issues, it grew into the Ziff Energy Group, regarded as a training ground for the industry. With Gordon Clarke at his side, the company pioneered a method of production efficiency analysis for the industry that spread to over 40 countries. Paul was a prominent speaker in North America on energy issues and industry performance, and a frequent presenter at the World Energy Conference. By the time Ziff Energy Group became part of Solomon Associates of Dallas in 2013, he was regarded as "an icon of natural gas energy."

Paul's interest in the arts was marked by the same fervour with which he built his career. In addition to being an ardent collector of Canadian art, he served over the years on the boards of the Alberta Ballet, Alberta Theatre Projects and the Calgary Jazz Society. Paul conducted his life with a strong sense of integrity, honesty and fairness.

Editor's note: The analyses that Paul Ziff and his associates provided were central fodder for strategic discussions and decisions in the Canadian petroleum industry for many years. Aspects like finding costs for exploration and operating costs for development made or broke many endeavours. What also sticks in my mind are the colourful and well-illustrated reports that were produced and circulated.

Canadian Oil and Gas Policy: from the N.E.P to the Canada-U.S. Free Trade Agreement

Part 2 of a paper by Kelly J. Ogle presented to the Petroleum History Society on November 30, 2011
(Part 1 appeared in *Archives*, January 2012, pp. 6-8)

Carney also developed and implemented some policies without industry input. One of the most important initiatives was a settlement of the ongoing dispute between the federal government and Newfoundland over ownership of offshore resources. The dispute had ended up in the Supreme Court, which ruled in favour of the federal government. While still in Opposition, the Tories announced that if elected, they would ratify the agreement and grant control of the resources to Newfoundland, contravening the Supreme Court decision.[i] The provincial jurisdiction recommendation became a significant part of Conservative energy policy once the Tories assumed power and in February 1985, Carney kept her word to Newfoundland and ratified the Atlantic Accord, with its basic principles the same as those outlined in the early June 1984 agreement-in-principle.[ii] After reaching agreement with Newfoundland, Carney turned her attention westward.

The next significant oil and gas policy development was the Western Accord, signed on 28 March 1985 between the Conservative government in Ottawa and the governments of the producing provinces. As far as Canadian oil markets were concerned, the Western Accord accomplished two main objectives: the deregulation of domestic oil prices and the lifting of controls on short-term oil exports.[iii] The Western Accord reflected in one form or another the directives presented in the study groups' recommendations. Moreover, the agreement's basic premise derived from the early discussions that took place while the Conservatives were in Opposition. Significantly, the Western Accord purported to resolve controversies over issues of pricing and revenue sharing that had existed since the mid-1970s and which had crystallized in 1980.

The Western Accord phased out the Petroleum Gas Revenue Tax (PGRT),[iv] removed all other oil and gas taxes, and eliminated the PIP Grant program and replaced it with tax-based exploration incentives. Furthermore, like most other industries, instead of taxing gross revenue, taxes now came from profits. The Western Accord's deregulation of pricing aimed to stimulate investment and job creation in the energy sector, marking the first time in more than two decades that the price of domestic crude oil was determined in direct relation to international markets.[v] Although Ottawa maintained certain tax incentives and export licensing through the National Energy Board (NEB), the remarkable federal withdrawal from virtually all areas of the oil and gas industry bears out the assertion by some observers that the Western Accord marked the end of an era in Canadian energy policy. Re-vamped frontier energy policy was also a function of the points outlined in Prince Albert. The key takeaway was the removal of discrimination against foreign investment and the abolition of the 25 percent back-in provision.[vi]

A brief discussion of natural gas policy during this period is important. On 31 October 1985, the federal government and the western provinces signed the Agreement on Natural Gas Markets and Prices. Although negotiations were difficult, this aspect of energy policy marked a shift in federal-provincial relations. For several years, discord characterized the federal Liberal government's relationship with the western provinces regarding natural gas markets and pricing.

The new Conservative designed agreement accomplished several goals. Most importantly, and paralleling the tenor of Conservative policy, the agreement created a more flexible and market-oriented pricing regime for the domestic pricing of natural gas. Additionally, buyers and sellers freely negotiated the interprovincial trade of natural gas.[vii] Ontario leaders were not pleased, because of large consumer and industrial natural gas users, who preferred a mechanism to provide for lower prices. However, Ottawa and Alberta kept Ontario well apprised of developments. According to Nemeth, "it was Alberta's understanding that Ontario would accept crude oil deregulation if it could be assured that natural gas would not be sold to Americans at a cheaper rate than that paid by Canadians."[viii] The Agreement clearly provided for market forces to prevail while meeting Ontario's concerns.

Carney accomplished what she had set out to do. She had faith in market forces and her own business background provided an understanding of what was required, from both a political and a policy perspective in order to satisfy industry and the provinces. As she noted, "They were carefully designed policies. I did my homework. I knew what I was going to do, I went out and talked to everybody. I had task forces. I figured it out in my own mind and I'd got through caucus what we were going to do."[ix] Was the end of the NEP a result of Conservative ideology or industry influence? Carney's basic premise was the belief that natural resources belonged to the provinces. Coupled with the Conservative ideology of the prevalence of market forces and less government, a recipe for efficiency and profitability emerged. Conservative ideology mirrored the industry view.

Historian Denis Stairs argues that the demise of the National Energy Program preceded the Mulroney government and that the dismantling of the NEP had actually begun before the Conservatives came into office with, "the process having been manifested in a series of small steps that, for political and economic reasons alike, had been forced on their Liberal predecessors almost from the beginning. The Conservatives simply administered a merciful, but enthusiastic coup de grace."[x] Nemeth disagrees: "the dismantling of the NEP was in fact not well advanced by the time the Conservatives took office…[S]uggesting that the Conservatives merely administered changes that were already in motion overlooks the actual sequence of events, particularly in light of the extensive work done by the Conservatives while in opposition to develop a coherent vision and comprehensive policy that was implemented almost in total when they assumed office."[xi] The latter argument is more persuasive. The NEP was the epitome of the bureaucratic creation and implementation of policy. Moreover, the complexity and confusion associated with the overt and multiple levels of taxation made efficiency in the industry-government interface impossible. The Mulroney Conservatives set out to decentralize government, encourage positive federal-provincial relations, and develop an energy policy outside the federal bureaucracy. As Opposition critic of the Department of Energy, Mines and Natural Resources and later as minister of the portfolio, Carney's influence cannot be underestimated.

The Canada-U.S. Free Trade Agreement

For the Mulroney government, all global relations were important, but Canada's relationship with the United States towered above all the others. Mulroney focused single-mindedly on the deterioration of Canadian-American relations in the early 1980s and insisted from the very beginning that, "one of his leading principles in foreign affairs was to repair the damage to the Canada-U.S. relationship that had been wrought by his Liberal predecessor."[xii] A number of serious policy disputes between the Liberal government and the Reagan

administration had resulted in this deterioration and had progressively soured Canadian-American relations.[xiii] In fact, by 1982, as the pressures of the recession continued to rise, the traditionally cautious and suspicious business community was convinced of the need for a change in direction in Canada's commercial relations with the United States.[xiv] Escalating apprehension about a nationalistic lurch in Canadian energy and investment policies had further eroded confidence within the business community.

One of the reasons for alignment of interests between Canada's Conservatives and the U.S. Republicans was a parallel subscription to neo-conservative ideas about the economy that dominated the 1980s. Accordingly, "market forces, not governments, should direct the economy; less government control would allow business to operate more efficiently and profitably; and trade liberalization and deregulation were the most appropriate responses to a rising tide of protectionism."[xv] Mulroney's game plan was relatively simple. He introduced a new era of civility in both the substance and the tenor of the Canadian-American relationship.[xvi] However, as can be shown, Mulroney did not at once embrace free trade.

The free trade issue was so broad, far-reaching, and complicated that introspection and hesitancy were inevitable and understandable. Moreover, Mulroney began to see the possibilities only after the MacDonald Commission[xvii] called for Canadians to 'take a leap of faith.' The MacDonald Commission's recommendations affected trade policy directly by giving greater legitimacy and momentum to the debate surrounding free trade with the United States. In 1985, David Pollock and Grant Manuge published an article entitled "The Mulroney Doctrine."[xviii] They contended that the seeds of the Mulroney Doctrine were two economic policies: closer Canada-U.S. economic ties, and greater reliance on foreign investment and the private sector in general.[xix] By this time, several agencies advocated the benefits of free trade, including the Economic Council of Canada, the Senate Committee on Foreign affairs, in addition to the Macdonald Commission. However, according to former cabinet minister John Crosbie, the Mulroney cabinet was not sure:

> when Mulroney came to embrace free trade; but his support for the concept was revealed at his so called Shamrock Summit…We'd been in office for six months by then, and there had been no discussion in cabinet or in the Conservative caucus about pursuing a free-trade deal with the Americans. As far as any of us knew, Mulroney was still opposed to free trade, as he was during the 1983 Tory leadership campaign. But the [Macdonald commission] embraced the notion of free trade, and I think helped to change Mulroney's thinking.[xx]

As noted, the free trade issue was very broad and consequently the negotiation of the agreement was protracted. "And just as Mulroney's conversion was by no means assured, neither was the actual negotiation of the agreement: as the accounts of the negotiation all make clear, it was a close run thing."[xxi] Nevertheless, in May 1986 Canada and the U.S. began negotiating a bilateral free trade arrangement and the two governments committed to allowing the marketplace to allocate resources with a minimum of government intervention. There was no doubting the importance of U.S. trade for Canada. In 1960, the percentage of Canadian exports to the U.S. was 55.8 percent. By 1984, it had increased to 75.6 percent.[xxii] Late in 1987, the two sides reached a consensus and the agreement was signed on 1 January 1988. From that point forward, the Canada-U.S. Free Trade Agreement was at the forefront of Canadian economic discussion and became the major issue in the autumn 1988 federal election. When the Mulroney Conservatives won the election and preserved their mandate for at least four more years, they ratified the FTA into law on 2 January 1989.

The Canada-U.S. energy relationship is one of mutual interdependence due in large part to the geographic distribution of oil and gas reserves and challenges of efficient supply and demand distribution. However, a bilateral agreement that deregulated energy policy had never gained widespread acceptance politically. In the past, periods of recession had triggered protectionist actions in the United States.[xxiii] In this instance, however, the Mulroney government "sought to guarantee the access of oil and gas to the American market through the binding mechanism of the FTA, which would prevent future discriminatory import/export regulations being imposed on Canadian energy products."[xxiv] To underpin the FTA, both countries were committed to deregulation, liberalization of trade, and market forces. Therefore, the FTA's energy provisions were an attempt to guarantee the long-term economic stability of oil and natural gas exports to the large American market.

Continental energy policy (as it pertained to the FTA), was the joint planning of energy production and shipment without regard to borders. There was also the underlying implication that free trade in energy made the creation of a policy instrument like the NEP next to impossible without renegotiating or terminating the free trade agreement. The FTA was a profound alteration of traditional Canadian trade policy which ensured that discriminatory taxes and regulations could not be implemented by future governments.[xxv] One of the FTA's major energy provisions is pricing and "Neither country can export its energy products for a greater price than what it sells for domestically."[xxvi] Additionally, Article 908 reaffirms both nations' obligations and commitments to the International Energy Agency (IEA) whereby members are obligated to share their resources in times of crisis.[xxvii]

The oil crises of the 1970s led to the founding of the IEA in 1974. Both Canada and the U.S. are founding members of the IEA and are obligated "to impose upon themselves several symbolic and some important material constraints on their behavior and at least rhetorically to commit themselves to coordinated and multilateral energy management strategy."[xxviii] The IEA's mandate is to inspire its member countries to plan for emergencies and it has two main provisions. First, in an emergency, one IEA member cannot cut off supplies to another member country. Second, an IEA member can only reduce exports by the level of demand restraints it has placed on itself. This IEA provision reflects the "proportionality clause"[xxix] of the FTA. Nemeth surmises that the proportionality clause was a reaffirmation of IEA principles as well as providing limitations on regulatory actions of either country. Most importantly, secure, guaranteed access to the large American market, even if it entailed the remote possibility that Canada's independence would be constrained in a time of crisis, was a necessary condition of the FTA and reaffirmed Canada's commitment to the IEA.

Much like the unwinding of the NEP, the oil and gas industry and the producing provinces participated in the policy-making process that led to the FTA.[xxx] Moreover, the western provinces were motivated by the advent of ensured markets for crude oil and natural gas and the FTA "essentially guaranteed that market pricing and access would prevail for both countries."[xxxi] During the run-up to the Agreement in 1987, an energy fact-finding group had considered the special problems in energy trade. The group concluded that Canada was prepared to enter into a broad agreement guaranteeing access to supply in return for secure access to the U.S. market.[xxxii] Well known Canadian academic and former member of the Department of External Affairs, Michael Hart, observed about the FTA's energy provisions:

> Canada had long sought secure access for its energy products (oil, gas, uranium, and electricity) to the United States. The United States had long sought assurances that Canada would be a reliable supplier and not cut supplies arbitrarily. The agreement

> enshrined commitments that met both of those objectives. That was a victory for free trade and a defeat for nationalism and xenophobia. There is however, no obligation on either party to buy or sell any energy commodity. The agreement requires no more than the commitment that when an energy commodity is traded, neither government can arbitrarily cut off either country's access to its market or the supply of available energy; in times of short supply, the producing country agrees to make a proportion of its supply available for export at prevailing prices on the basis of the historical level of exports."[xxxiii]

Former Alberta premier Peter Lougheed echoed Hart's view: "Basically, the situation is that we now export one-third of our natural gas and one-third of our crude oil to the United States. Sustaining and expanding that market are essential to new investment."[xxxiv] Apparent was that Canadians had learned that a country that derives an increasing share of its wealth from international commerce had much to gain from such an agreement. They had bought into the Mulroney government's overarching theme, present since 1984, that the energy industry could provide an engine of growth for the rejuvenation of the economy with increased activity creating employment, the removal of regulation increasing efficiency, and exports free from American protectionism. Constructive dialogue between the federal and provincial governments and the oil and gas industry changed the way oil and gas policy implementation occurred during the latter half of the 1980s.

Not all commentators on the FTA agreed that this was the best policy for Canadian trade. Noted political economist James Laxer contended at the time that, "It is my submission that the free traders are essentially asking Canadians to adopt the American model as the best way to run their national economy, while the anti-free traders reject significant features of the American model."[xxxv] Laxer contended that the American model was failing as the millennium approached and that other alternatives for Canada were potentially better. Laxer cited the enormous U.S. trade deficit, the asymmetrical Canada-U.S. relationship (in which the U.S. is a much a larger entity and can therefore dictate the rules of engagement), and the large Canadian trade surplus. Clear also was the relative importance to the two governments. For Canada, the FTA was extremely important and any failure was potentially catastrophic. For the U.S., if the Agreement failed it would form no more than a footnote in the annals of American trade history. According to Laxer, two goals made sense for Canada---stifling the effects of U.S. protectionism and the surety of the large American market for Canadian exports. However, Laxer hangs his argument on the merits of the so-called mixed economy and states that "The clear winner as the most successful economic model in the post-war decades is the mixed economy, combining private enterprise and competition with long term planning, government intervention and business, labour, state coordination."[xxxvi] Many of the leftist critics of the FTA share this view. Their value systems include a preference for more governmental planning and less private enterprise, more national self-sufficiency and less international economic interdependence.[xxxvii] Arguably, the U.S. economic model today appears in decline, along with many other global economic models. However, the growth of the western economies from the implementation of the FTA in 1989 up to 2006-2007 was massive. Globalization predominates as other countries and trading zones continue to look to freer trading relationships and lowered barriers to international commerce.

Conclusion

Canadians enjoy one of the highest standards of living in the world, living in the second largest country in the world, and being less than half of one percent of the world's population. Moreover, since Confederation in 1867, the country has relied heavily on the export of natural

resources. In fact, by the end of the second millennium, the value of Canadian exports and imports of goods and services reached nearly 90 percent of the value of Canada's gross domestic product.[xxxviii] Therefore, the importance of trading arrangements cannot be over-emphasized. Unfortunately, the framework of trade and economic policies are forged by bureaucratic practitioners who take their lead from the priorities and values set by cabinet ministers.[xxxix] Although this route to policy development reflects the practical from a political perspective, it is not necessarily policy development that works. As Hart points out, when trying to plot the best course for the future, the past cannot be overlooked: "Trade policy, trade relations and trade negotiations, are thus less about grand ideas and ideologies and more about the pragmatic working out of very specific problems, within the contours of existing political and economic realities, informed by the decisions and experiences of the past."[xl] Balance is therefore the key, as the myriad of important items that lie between foreign and domestic priorities can potentially overwhelm the process. In sum, it is individuals who create trading relationships based on opportunity, desire, consultation and market conditions, rather than politicians' rhetoric that suggests that countries---not individuals---trade with one another.

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[i] The achievement of an agreement with Newfoundland can be attributed to Carney and her own fundamental belief that the resources belong to the provinces. Nemeth was able to conduct personal interviews with Carney where she was able to ascertain the interpersonal relationship Carney established with William Marshall, the energy minister of Newfoundland who was dumbfounded that the Conservatives were prepared to treat the offshore the same as land-based oil and gas resources. See Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 99.

[ii] EMR, *The Atlantic Accord: Memorandum of Agreement between the Government of Canada and the government of Newfoundland and Labrador on offshore oil and gas resource management and resource sharing* (Ottawa: Supply and Services Canada, 1985), 2-11.

[iii] Ramzi Issa, Robert LaFrance, and John Murray, "The Turning Black Tide: Energy Prices and the Canadian Dollar," *Bank of Canada* (Ottawa: Working Paper 2006-29), 3.

[iv]The PGRT was a petroleum and gas revenue tax of 8 per cent applied to net operating revenues before royalty and other expense deductions on all production of oil and natural gas in Canada.

[v] Patrick James, "Energy Politics in Canada, 1980-1981: Threat Power in a Sequential Game," *Canadian Journal of Political Science* 26, No. 1 (March 1993): 56.

[vi] The provision known as the 'back-in' required firms to give the federal government a 25 percent interest in every discovery made on the Canada Lands. This provision really riled the MNCs as they were the most active companies in the north and offshore.

[vii] EMR, *Agreement on Natural Gas Markets and Prices* (Ottawa: Supply and Services Canada, 1985), 1-5.

[viii] Public Archives of Alberta (PAA), ENR, ACC. 93.337, Memorandum from Luigi Di Marzo to N.E. MacMurchy, 9 October 1984, "Position of Consuming Provinces Re a New Energy Policy"

[ix] Vancouver Sun, 16 November 1985.

[x] Denis Stairs, "The Conservative Era in Canadian Foreign Policy, 1984-1993," *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy1984-1993,* ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), 31.

[xi] Nemeth, "Continental Drift,"62.

[xii] Stairs, 29-30.

[xiii] Nelson Michaud and Kim Richard Nossal, "The Conservative Era in Canadian Foreign Policy, 1984-1993," *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy1984-1993,* ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), 6.

[xiv] Michael Hart, *Decision at Midnight,"* 15.

[xv] Nemeth, "Continental Drift," 64.

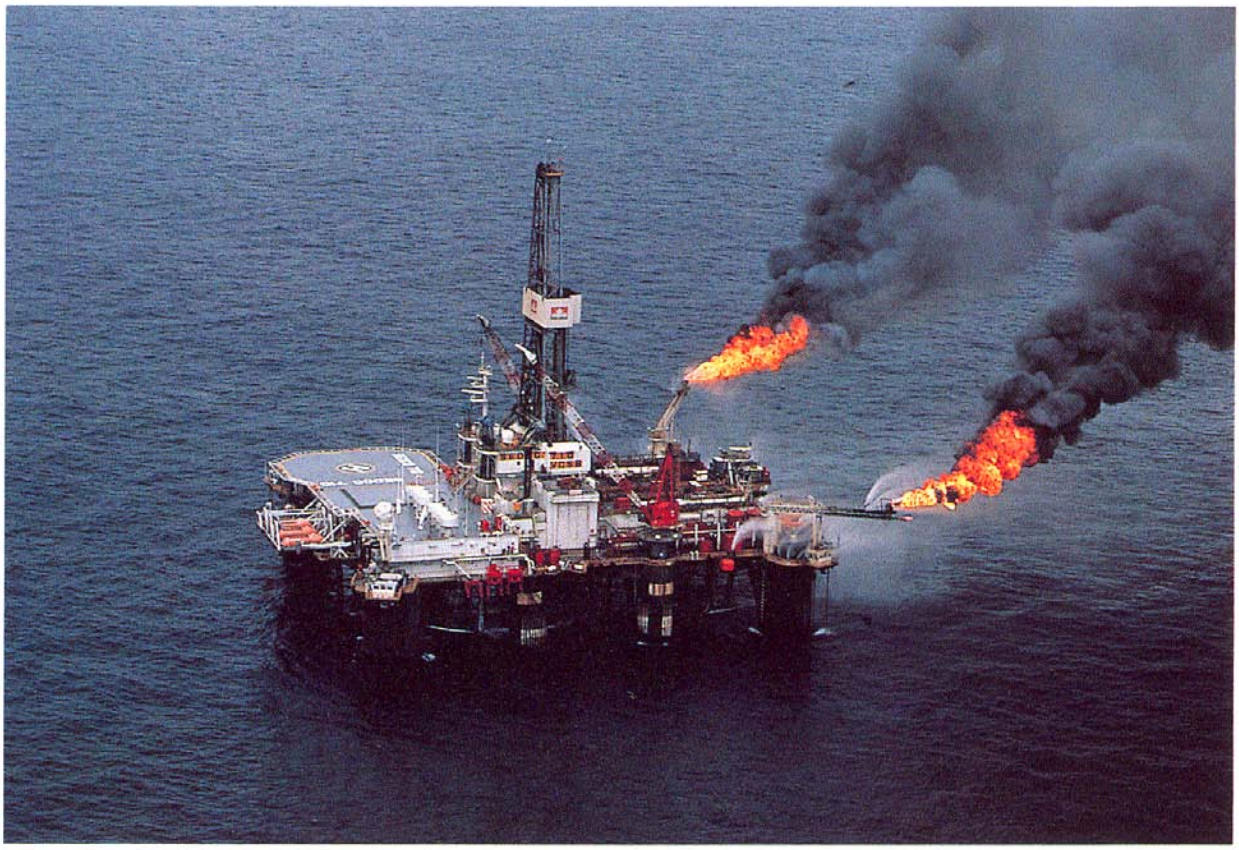
[xvi] Michaud and Nossal, 8.

[xvii] Established at the end of the Trudeau period, the *Royal Commission on the Economic Union and Development Prospects for Canada* was chaired by Donald S. Macdonald and known as the Macdonald Commission. It was an historic landmark in Canadian economic policy. Prime Minister Trudeau appointed the commission in 1982 and it presented its recommendations to Prime Minister Mulroney in 1985. The commission's recommendations reflect three broad themes. First, the report suggested that Canada should foster a more flexible economy, capable of adjusting to international and technological changes. Toward this end, the commission recommended greater reliance on market mechanisms and pursue a free trade agreement with the United States. Second, the commission recommended various reforms to the welfare state model, emphasizing social equity and economic efficiency. Third, the commission recommended the adoption of an elected Senate in order to better represent Canada's diverse regions.

[xviii] David Pollock and Grant Manuge, "The Mulroney Doctrine," *International Perspectives* (January/February, 1985).
[xix] Stairs, 29. See also Pollock and Manuge, 5.
[xx] John C. Crosbie with Geoffrey Stevens, *No Holds Barred: My Life in Politics* (Toronto: McClelland and Stewart, 1997), 307-8.
[xxi] Michaud and Nossal, 12.
[xxii] Richard D. Lipsey and Murray G. Smith, *Taking the initiative: Canada's Trade Options in a Turbulent World* (Toronto: C.D. Howe Institute, 1985), 47.
[xxiii] The Nixon administration, not yet faced with oil supply problems, decided to cut the flow of Canadian crude to the U.S. market to bring the Canadian government speedily to terms. In March 1970, the U.S. imposed a quota on Canadian crude imports, cutting them back to 395,000 barrels a day.
[xxiv] Nemeth, "Continental Drift,"64.
[xxv] Nemeth, "Continental Drift,"63.
[xxvi] Nemeth, "Continental Drift,"62. One exception to this is a crisis of national security. According to Article 907, national security must refer to armed military conflict rather than the desire for domestic producers to reduce the access of competitively priced imports.
[xxvii] In 2005, the ravages of Hurricane Katrina forced much of the oil production coming from the Gulf of Mexico to be curtailed. The provincial government of Alberta allowed oil producers to increase production from prolific wells (which have limitations on their allowable daily rates) in order to increase exports in this time of need.
[xxviii] Glen Toner and Greg Legare, "Canadian energy Security: The State of Canada's Emergency Preparedness System," *Canadian Public Administration* 33 (Spring 1989):69.
[xxix] If either government imposes supply restrictions, proportionality provisions (provisions for maintaining the share of exports in total supply) come into play. Their intent is to ensure a degree of access on commercial terms by consumers in one country if the other imposes restrictions. If one party restricts supplies for reasons of conservation, supply shortages, or price stabilization, it must ensure that consumers in the other countries as a group are not denied access, on commercial terms, to a proportion of the total available supply. The proportion is a historical share based on the average of the 36-month period immediately prior to the imposition of the export restriction. This proportionality provision does not constitute a supply *obligation*. The government imposing a restriction is not required to export a specific quantity. It is obliged only not to deny commercial access by importers to levels less than the past 36-month average share. The importer is not guaranteed a set volume. Restrictions are neither to disrupt normal channels of supply nor to impose higher prices on exports via licence fees, taxation, or minimum prices. Until a request is made to invoke the proportionality clause, its significance remains hazy. But it binds Canada and the United States to allocations dictated by market-clearing

prices, even when supply is restricted. The proportionality provision refers to *government* actions to restrict exports. There is nothing to stop *markets* constraining exports. Canadians could outbid Americans even for the proportional share of supply. National security is a possible justification for import or export restrictions, but the grounds for action to be taken are tightly specified. They relate to emergencies in international relations, a party's essential security interests, or actions required under the U.N. charter. The U.S.-Canada arrangements on supply restrictions can be viewed as reciprocal tradeoffs. Canada granted proportionality to assuage U.S. concerns arising from Canada's export restrictions in the regulated era of 1970-to-1985. The United States granted a narrow interpretation of national security to meet Canadian concerns about any revival of U.S. import constraints imposed under the guise of national security in the 1950s and 1960s. See: Paul G. Bradley and G. Campbell Watkins, *Canada and the U.S.: A Seamless Energy Border?* http://www.cdhowe.org/pdf/commentary_178.pdf. Accessed November 13, 2011.

[xxx] Nemeth, Continental Drift," 66.
[xxxi] Nemeth, "Continental Drift," 65.
[xxxii] Hart, *Decision at Midnight*, 307.
[xxxiii] Hart, *Decision at Midnight*, 378.
[xxxiv] Peter Lougheed, 152.
[xxxv] James Laxer, "Free Trade and Canada's Choice of an Economic Model," *The Future on the Table: Canada and the Free Trade Issue,* ed. Michael A. Henderson (North York: Masterpress, 1987), 55.
[xxxvi] Laxer, 75.
[xxxvii] Michael Hart, *Decision at Midnight,"* 413-14.
[xxxviii] Michael Hart, *A Trading Nation: Canadian Trade Policy from Colonialism to Globalization* (Vancouver: UBC Press, 2002), 4
[xxxix] Michael Hart, A *Trading Nation,* ix.
[xl] Michael Hart, *A Trading Nation,* 5-6.



Contender: Production testing Terra Nova, a find by Petro-Canada, which has vowed to make it the next production development on the Grand Banks. (Petro-Canada)

Semisubmersible drilling rig in the harbour of Halifax, Nova Scotia in the 1980's