Toronto area, the Niagara Peninsula and eastern Ontario, and Union Gas Limited serving southwestern Ontario.

13.4.5 Processing

Growth in natural gas processing capacity has kept pace with production increases from wet gas fields. Plant capacity increased substantially in 1972 as a result of the completion of several large plants and some major expansions of existing installations. Processing capacity at the end of 1972 was 15.4 MMMcf a day, an increase of 2.5 MMMcf over 1971. Capacity has doubled since 1967. Plant output includes pipeline gas, propane, butanes, pentanes plus and sulphur. More than 130 plants were in operation at the end of 1972, mostly in Alberta and British Columbia.

13.5 Oil and gas marketing

The marketing of petroleum and natural gas in Canada involves the transfer from points of production to points of consumption of both the crude and processed variants of these products. In the case of crude oil, it is purchased from the producers in western Canada and then shipped by the purchaser to the various refining centres for further processing into petroleum products. Natural gas is purchased in the West by the "trunk" pipeline companies and is then resold to the various natural gas distribution companies.

Refined petroleum products are distributed, for the most part, through the marketing outlets of the major refining companies. However, with the increasing availability of refined products in the late 1960s and early 1970s, the refineries found it profitable to dispose of an increasing portion of their output through independent outlets. In the case of gasoline, this meant an increase in the number of independent discount stations offering gasoline to the public at lower prices but with less service and fewer promotional extras. The major oil companies also entered into this mode of retailing by opening their own discount and self-service outlets under names different from those of their other stations. This shift in marketing emphasis was checked by the tighter supply situation of 1973 since the refineries were able to dispose of more of their output through traditional outlets.

Natural gas is marketed to final consumers through local or provincial natural gas utility companies who purchase their supplies from the major gas pipeline companies and then deliver it through their own pipeline systems to individual consumers. While these companies have concentrated their activities in the final distribution of gas, the increased price of gas at the wellhead and its decreasing availability relative to demand at various regulated prices have led them to increase investment in exploration and in production of natural gas in western Canada.

Canadian natural gas requirements are met almost entirely from domestic sources; in 1972, these requirements totalled 1,284 MMMcf. Imports were only 15.8 MMMcf, all from the US and these imports will terminate in 1976. The market for Canadian produced natural gas was almost equally divided between domestic demand and exports to the US. The United States has been increasingly deficient in domestic supply of natural gas and hence there is a growing market for Canadian gas in that country. However, sufficient reserves must be set aside to meet future Canadian requirements prior to export approval; as a result, no new export applications have been accepted since 1971 as it has been considered that available reserves are insufficient to meet any further export commitments.

In the case of oil, Canadian demand in 1972 was met almost equally from domestic sources (273.3 million bbl) and from import sources (288.8 million bbl). This division of the Canadian market between imported and domestic crude oil results from the National Oil Policy in force between 1961 and 1973 which stipulated that the Canadian market west of the arbitrarily drawn Ottawa Valley Line, essentially west of Quebec, was to be supplied by petroleum products produced from domestic crude oil, while the market east of the line could use imported oil from foreign sources. During the 1960s and the first three years of the 1970s Canadian crude oil prices were higher than those from foreign sources so that it was not economic to supply refineries in Montreal and the Maritimes from western Canada. The increase in international crude prices that began to occur in 1973 and the large increase in January 1974 changed this price relationship and plans were made to deliver western Canada crude to Montreal.

Canadian crude oil has been exported to the US mid-west and the State of Washington