

commencement of production, and for shorter periods of time; an option for Petro-Canada to acquire a 25% working interest in any existing grant for which a special-renewal permit is granted or in any provisional lease issued before a discovery has been made; a guideline of 25% as the minimum level of Canadian participation in production licences and for provisional leases when a discovery has been made; authorizing the administering authority to order the commencement and continuation of production; authorizing the minister to stipulate the posted price of oil and gas production, on the basis of fair market value at fieldgate or extraction plant; authorizing the government to take its royalty in production or in cash; requiring permit holders, lessees and licensees to submit to the administering authority copies of contracts and agreements that transfer any interests or create oil and gas supply arrangements, and make provision for possible ministerial approval of farmouts.

Other proposals include: providing for shorter confidential periods for proprietary information, i.e. geophysical, geological, feasibility, environmental; authorizing the minister to order exploration drilling on a specified prospect within a reasonable time; broadening the minister's authority in ordering development drilling of discovered reserves; making administrative and operational conditions subject to amendment of the regulations from time to time; providing for the issuance of Crown reserves (areas not covered at present by permit or lease, or which revert to the Crown on surrender of existing permits and leases) in the form of exploration agreements and production licences upon terms and conditions stipulated.

It is intended that those sections of the existing Canada Oil and Gas Land Regulations that are not involved in or are not inconsistent with the Statement of Policy nor with operational and conservation measures covered under other legislation, will be retained in their intent in the new regulations.

The phase-in of new levels of work obligations will commence one year from the date of the announcement or on promulgation, whichever comes last. The phasing in and implementation of those other elements of the proposed new regulations affecting existing permits and leases will be made effective as of the date of their promulgation.

The Oil and Gas Production and Conservation Act provides for comprehensive control over all oil and gas operations in the Yukon and Northwest Territories and offshore regions including such matters as safety, prevention of waste and pollution, production, conservation, storage, transmission, and unitization of oil and gas fields. An Oil and Gas Committee of five members appointed by the Governor in Council may hold inquiries, hear appeals, and issue any necessary orders to carry out its mandate.

Federally owned mineral rights within the provinces that are available for development (except those in Indian lands) are administered by the Department of Energy, Mines and Resources in accordance with regulations made under the Public Lands Grants Act.

### 13.2.4 Production

**Oil.** Production of Canadian crude oil and equivalent in 1975 declined by 14.5% or an average of 267,200 b/d (42 500 m<sup>3</sup>/d) from the 1974 production of 1,843,300 b/d (293 100 m<sup>3</sup>/d). Exports of crude oil and equivalent to the United States dropped by 199,600 b/d (31 700 m<sup>3</sup>/d) while domestic demand decreased by 67,600 b/d (10 700 m<sup>3</sup>/d).

In Alberta production of conventional crude oil was down by 200,000 b/d (31 800 m<sup>3</sup>/d), synthetic crude oil by 3,000 b/d (500 m<sup>3</sup>/d) and pentanes plus by 10,000 b/d (1 600 m<sup>3</sup>/d) for a total decline of 213,000 b/d (33 900 m<sup>3</sup>/d) or 13.6%. Saskatchewan crude oil production decreased by 18.1% or 40,000 b/d (6 400 m<sup>3</sup>/d). The severe cutback first experienced in 1974 in heavy and sour crude production continued. The US District II refineries, traditional consumers of these Saskatchewan crude types, considered them uncompetitive after the