

11.4.2 Exploration and development

Between 1983 and 1985, the total number of wells drilled almost doubled, to reach a record high of 12,170 completed wells for the year. In 1986, a severely depressed industry completed only 5,493 wells, with all areas of Canada having substantially lower drilling activity than during the previous year.

During 1986, 49 wells were drilled in Northern Canada, with 16 oil discoveries and four natural gas; another 16 wells were drilled off the Eastern Coast of Canada with four oil discoveries and another five gas. By far, the largest number of wells were drilled in Alberta, 3,982 wells, with about 48% oil discoveries and another 24% natural gas. Saskatchewan had 1,059 wells drilled, with around 84% either oil or natural gas.

Over the last four years additional oil and natural gas discoveries have been made in various areas of Western Canada, adding to known reserves of oil and gas. In Ontario, oil continues to be produced from old pools which were first worked more than 70 years ago. The province's production of natural gas comes from an area near or under Lake Erie.

11.4.3 Reserves

The Canadian Petroleum Association (CPA) estimated that at the commencement of 1986, total remaining reserves of crude oil and pentanes stood at 1 068 million cubic metres, a slight improvement over 1985. Natural gas reserves were estimated at 2.8 trillion cubic metres. The CPA also estimated that 196 million cubic metres of liquefied petroleum gases were available from reserves.

11.5 Oil refining

The Canadian refining industry continues to experience difficulty due to declining domestic demand for petroleum products, resulting in surplus in refining capacity. This decline in demand led to the closing of eight smaller and less efficient refineries in 1983, one in Atlantic Canada, three in Quebec, one in Ontario, two in the Prairies, and one in British Columbia. In addition to those closures, Texaco closed a refinery in Alberta during 1984 and the refinery of Gulf in Montreal was closed in 1986.

In 1984, 82.4 million cubic metres of crude oil and equivalent were processed in Canadian refineries; this declined by 1986 to 79.4 million cubic metres. Most of this decline in production was accounted for by a decline in the production of heavy fuel oil. Imports by Eastern Canadian refineries of crude oil and equivalent during

the period have increased from 14.4 million cubic metres in 1983 to 20.6 million cubic metres in 1986.

11.6 Transportation

During 1983, Interprovincial Pipeline (NW) Ltd. started construction of a small diameter 866 km pipeline from Norman Wells Pipeline, in the central part of the Northwest Territories, to Zama in northern Alberta. This pipeline started to bring crude oil from Norman Wells to the refineries in Southern Canada in the middle of 1985. The TransQuebec and Maritimes Pipelines Inc. construction has been completed in most of the province of Quebec, bringing western natural gas to the Quebec City area and the Saguenay Lac Saint-Jean area. Construction of the sectors linking the existing pipelines in Quebec to markets in the Maritime provinces has been indefinitely delayed.

11.7 Coal

Since 1981, Canada has maintained its position as a net exporter of coal with the trade surplus of coal in 1983 valued at \$394 million, rising to \$1,110 million in 1985. Following a period of steadily growing output, coal production peaked at 60.9 megatonnes (million tonnes) in 1985, dropping slightly to 57.0 megatonnes in 1986. The coal-producing provinces of Nova Scotia, New Brunswick, Saskatchewan, Alberta and British Columbia produced 2.7, 0.5, 8.3, 25.2 and 20.4 megatonnes of coal, respectively, during 1986. Imports of coal have averaged slightly more than 15.3 megatonnes a year during the 1982 to 1986 period. Exports, which had grown steadily during the late 1970s and early 1980s, have leveled off and during the last three years (1984 to 1986) have averaged 26.1 megatonnes.

Metallurgical coal trade has continued to dominate type of coal sold in world markets, but for Canada and many other nations, exports have been declining as important customers, like Japanese steelmakers, have been cutting back due to the world economic slowdown and pressure from more efficient competitors. Canadian thermal coal consumption has been declining, as a result of Ontario Hydro's increasing number of nuclear generating stations coming on stream. However, other provinces, such as Alberta, have increased their reliance on coal-fired generation which has helped to offset some of the decline brought about by the decreased use by Ontario.