

McMurray, Alta. The Alberta government decided not to establish a long-term policy for oil sands development in the immediate future, but to give priority to developing a second tar sands plant. At about the same time Syncrude Canada Ltd. asked the AERCB for deferment from January 1, 1977 to January 1, 1978 of the stipulated date of start-up of its proposed plant near Fort McMurray. Estimated capital cost of the plant has been revised upward from \$650 million to \$744 million. Syncrude Canada Ltd. is owned jointly by Atlantic Richfield Canada Ltd., Canada-Cities Service, Ltd., Imperial Oil Limited and Gulf Oil Canada Limited. Syncrude's present scheme calls for the construction of a plant to produce 125,000 b/d of synthetic crude oil and 5,500 b/d of residual fuel oil.

The announcement of Alberta's new energy policy was an important event for Canada's oil and gas industry in 1972. On July 31, 1972 the Alberta government introduced a plan giving the oil companies the option of paying a tax on proven oil reserves or an increased royalty amounting to 5% over the existing rate of 16%. The new schedule took effect on January 1, 1973 and is designed to provide an additional \$70 million in provincial tax revenues from the producing sector of the oil and gas industry.

Saskatchewan. Saskatchewan produced 238,000 b/d of liquid hydrocarbons in 1972, which was 15.4% of the total Canadian production but 4,579 b/d less than in 1971. Total footage drilled in 1972 was 1.81 million ft, which was the same amount as in 1971. The Viewfield Mississippian pool in southeastern Saskatchewan remained the most important area for development drilling. Further drilling expanded the field's proven reserves. No new discoveries were made in 1972.

Saskatchewan produced 2.4% of Canada's natural gas. Drilling was mainly confined to known gas fields. No new discoveries of natural gas were reported in 1972.

British Columbia. British Columbia produced 4.3% of the national total of liquid hydrocarbons but production declined by 4,000 b/d to 65,000 b/d. Exploratory drilling in British Columbia increased 35% to 301,693 ft in 1972; however, development drilling declined. No commercial discoveries of oil were made in 1972.

British Columbia produced 15% of Canada's natural gas in 1972. Exploratory gas discoveries were almost double the 1971 level and development gas well completions increased by 50%. Reserves in existing fields were expanded significantly in 1972. Drilling continued in an attempt to outline a new productive region 100 miles south of Fort St. John. Further drilling was under way to establish the gas reserves necessary to justify a pipeline connection to the area.

Manitoba. Manitoba produced a small amount of liquid hydrocarbons and no natural gas. No development or exploration was done during the year except the drilling of two wildcat wells.

Yukon Territory, Northwest Territories and Arctic islands. Little oil was produced in 1972. Total exploratory drilling in 1972 increased 21% to 574,102 ft. An oil discovery was made in the Mackenzie Delta on Richards Island. Two previous discoveries in the area on the Tuktoyaktuk Peninsula were not developed. Four gas-condensate discoveries were made in the area in 1972, some of which are likely to be of major significance. Panarctic Oils Ltd. made its first oil discovery on Ellesmere Island in 1972. The find was proved to be non-commercial but it confirms the presence of oil. Panarctic also reported a light oil discovery on Thor Island. Further drilling will follow to see if the zone encountered is on the edge of a larger reservoir.

Natural gas production increased significantly as a result of a pipeline extension from northeastern British Columbia to the Pointed Mountain fields in the southwest corner of the Territories. Work continued in the Mackenzie Delta and the Arctic islands. In the Mackenzie Delta, much of the drilling activity early in the year took place around the west side of Richards Island where a gas discovery well was completed late in 1971. Numerous gas discoveries were reported by a number of companies in the area. In the Arctic islands, Panarctic drilled two wells to delineate the limits of a reservoir on Melville Island that indicate a field of major proportions. Further gas discoveries were also reported on Melville and King Christian islands. No new discoveries were made in areas south of the Mackenzie Delta.

It is estimated that a proven natural gas reserve of 15 trillion cubic feet (MMMMcf) is required to warrant the construction of a pipeline from the Mackenzie Delta and 35 MMMMcf to warrant the construction of a pipeline from the Arctic islands.