

## Energy Insider by William Engdahl

### Canada: new oil giant?

*Additional data suggest that Trudeau intended to prevent the development of vast new oil fields.*

**D**ome Petroleum Ltd. is delineating a "small Middle East" giant oil reservoir it claims could make Canada self-sufficient by 1990. The company has mapped 45 "excellent" geological structures in the Beaufort Sea, adjoining Alaska, with potential reserves of 32-70 billion barrels of crude. G. L. Henderson, a senior vice-president for exploration with Chevron Standard Ltd. has simultaneously announced that the Hibernia field off the Newfoundland coast "will rank with the top fields of the world."

Panarctic Oils Ltd. says that a large offshore area known to hold huge quantities of natural gas has been discovered some 600 miles above the continental border in the High Arctic Islands area. Based on seismic tests and one successful drilling, Panarctic told the Canadian parliament that one structure in the region alone contains a conservatively estimated 280 million barrels of crude, at a shallow depth of 3,000 feet. Geologists now believe far larger reserves exist down deeper and are drilling the exploratory well, called Skate B-80, down to 6,500 feet.

In addition to these remote regions offshore, a Calgary-based independent, Omega Hydrocarbons Ltd., has made a significant discovery in the Canadian extension of the prolific Dakota geologic basin referred to as the Williston Basin. By contrast, proved reserves in the U.S. are 27 billion barrels of crude

as of 1979, according to the American Petroleum Institute.

But none of this oil may ever flow into the world's economy if Prime Minister Pierre Trudeau's government has its way. As I reported on Feb. 24, Trudeau's National Energy Plan (NEP) would adversely affect energy production.

I asked the managing director of the Independent Petroleum Association of Canada, John D. Porter, about the impact of Trudeau's NEP on energy production. Porter points out a fallacy in Trudeau's policy of "economic nationalization," or expropriating U.S.-based corporations. "Many of us do not view government ownership as Canadianization," Porter stated.

Yet, he points out that the state-owned Petro-Canada will use an additional gas tax to finance purchase of foreign-controlled oil and gas companies. Petro-Canada plans to spend \$1.2 billion of taxpayer money to buy the Canadian subsidiary of the Belgian Petrofina.

"A second feature of Canadianization is the *retroactive* confiscation," Porter told a recent conference on Western Canadian resource development. Under the proposed NEP, 25 percent of all holdings by the oil and gas industry in federal or Canada Lands areas are to be handed over, *free*, to Petro-Canada. "The benefit for Canadian companies in the program," Porter caustically declares, "is that after reducing our cash flow and confiscating

our assets, the government makes available a possible cash grant of up to 80 percent for exploration on federal lands." He calls the object "overt control of and direct involvement in the decision-making process of our business."

Porter is in Ottawa to organize opposition to the Canada Lands (C-48) part of the NEP. Whether or not that passes, much damage has already been done. Porter points out that Trudeau's vocal campaign to give Canada a federal constitution (legally, Canadians are still British subjects) is a Trojan horse: Trudeau is using "nationalist" rhetoric to take mineral ownership away from the provinces. Some Western oil provinces are threatening to secede from Ottawa if this proceeds.

The impact of these drastic moves has been disastrous cancellations of large exploration plans and flight of investment capital and drilling rigs south to the U.S. Stock prices of foreign-owned oil companies traded in Canada have plummeted. But a method appears in the madness of Trudeau and his economic nationalization architect, Industry Minister Herb Gray.

Having knocked down the value of foreign-owned companies, Ottawa unleashed Petro-Can on an acquisition spree. Starting as the 12th largest, Petro-Can is now No. 5 and if predictions of Energy Minister Marc Lalonde prove accurate, it may soon be No. 1.

Petro-Canada is the brainchild of London-linked environmentalist strategist Maurice Strong, who ran the 1972 Stockholm U.N. Conference on the Environment that spawned the international attack on industrial growth under the rubric of "protecting the environment."