

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Wednesday, November 4, 1981 2:30 p.m.**

[The House met at 2:30 p.m.]

PRAYERS

[Mr. Speaker in the Chair]

head: **INTRODUCTION OF VISITORS**

MR. SCHMIDT: Mr. Speaker, it's a pleasure for me this afternoon to introduce to you, and through you to members of this Assembly, two gentlemen: the chairman of the greater Edmonton poppy committee, accompanied by a member of the Montgomery branch executive, Mr. Albert Evans.

The gentlemen represent the committee of seven branches of the Royal Canadian Legion and seven other veterans' organizations. They are visiting the Legislature today to start the kick-off of the 1981 poppy campaign, which starts tomorrow in Edmonton and district. Mr. Speaker, on behalf of the gentlemen, I would like to announce that the reorganization of the committees over this past year will now enable the campaign to provide every penny collected through the poppy campaign for the use of the fund, and that no portion will be deducted for administration.

The two gentlemen are seated in your gallery, Mr. Speaker. I'd ask them to rise and receive the welcome of this Assembly.

head: **INTRODUCTION OF BILLS**

Bill 94

**Government Land Purchases
Amendment Act, 1981**

MR. HYNDMAN: Mr. Speaker, I request leave to introduce Bill No. 94, the Government Land Purchases Amendment Act, 1981. This being a money Bill, His Honour the Honourable the Lieutenant-Governor, having been informed of the contents of this Bill, recommends the same to the Assembly.

The main purposes of this Bill are twofold. Firstly, it will enable the Minister of Environment to purchase land in restricted development areas through the government Land Purchase Fund. Secondly, it will increase the long-term ceiling on this revolving fund to \$450 million from \$100 million. I stress that this increase in the ceiling does not mean any acceleration in the rate of purchasing of land in the RDAs or the availability of dollars for that purpose.

[Leave granted; Bill 94 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. RUSSELL: Mr. Speaker, I beg leave to table the first annual report of the Alberta Heritage Foundation

for Medical Research. Copies are being delivered to all members of the House.

head: **INTRODUCTION OF SPECIAL GUESTS**

MRS. CRIPPS: Mr. Speaker, it gives me a great deal of pleasure to introduce 15 grade 12 students from Frank Maddock high school in Drayton Valley. Accompanied by their teacher Mrs. Beesley, I would ask them to rise and receive the welcome of the House.

MR. PLANCHE: Mr. Speaker, I've had the privilege of dialoguing with 31 grade 12 students from Henry Wise-wood in lovely Calgary Glenmore, along with their teacher Mr. John Dyck. They're in the members gallery, and I would ask that they rise and be recognized by the Assembly.

MR. SCHMID: Mr. Speaker, I would like to introduce to you, and through you to members of the Assembly, 27 young ladies and gentlemen from the Donnan school, grades 5 and 6. They are accompanied by their teacher Donna Cyr, and parents Mrs. Schaaf, Mrs. Manchul, Mrs. Haekel, and Mrs. Fortier. I would like to mention especially their teacher Vlad Eshenko. Not only is he a very good long-time friend also one of the mainstays of a very well-known Alberta Ukrainian dance group, the Shumka Dancers.

They are in the public gallery, and I would like them to rise and be recognized by the Assembly.

head: **ORAL QUESTION PERIOD**

Constitution

MR. R. SPEAKER: Mr. Speaker, I'd like to direct my question to the House leader or whoever is the Acting Premier. It's with regard to the constitutional discussion going on in Ottawa at the present time. I wonder if the House leader, the Provincial Treasurer, or another member of cabinet could bring us up to date on what the stages are with regard to negotiations, and whether some tentative agreements have been reached at this point.

MR. CRAWFORD: Mr. Speaker, everyone would acknowledge the keen interest all of us here and all Albertans have in the response to the question the hon. leader asks, in the subject matter of the discussions in Ottawa, and in everything that is taking place there. However, at this time I'm not able to provide information that would be of assistance in that respect. I'm sure we all regret that, in that if the news reports on which the hon. leader bases his question are in any sense accurate as to the progress, or at least the changing patterns of occurrences there, it would be nice to be able to convey that. But I'm not in a position to do that today.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the House leader with regard to the amending formula. Could the minister indicate whether, in terms of the Alberta government, consideration was given to moving away from the original position of the Vancouver accord?

MR. CRAWFORD: Mr. Speaker, I think the hon. leader correctly used the word in his first question in referring to

"negotiations". Even acknowledging the uniqueness of the type of discussions or negotiations is going on in Ottawa at the present time, and the long-term significance of those discussions or negotiations, I think it would be ill-serving the process, and therefore ill-serving the people of Alberta, if I began to define negotiating positions that might be outstanding or presented in some way at the conference by the Premier and the other representatives of the government of Alberta who are there.

MR. R. SPEAKER: Mr. Speaker, could the minister indicate whether contact has been made with Ottawa, whether the possibility of arriving at some interim agreement is possible as of today, Wednesday, November 4? Does it look as though the parties are getting closer together? I understand that the details are part of the negotiation process and difficult for the minister to reflect on. But from contact with your colleagues in Ottawa, is there any indication whether we're getting close to an agreement as of today or, shortly, tomorrow?

MR. CRAWFORD: Mr. Speaker, I think all I could add is that I hope — and I am sure all hon. members share that hope — that within a reasonable time, whether it be in the next day or so, we will be in a position to respond more fully to all questions of that type.

MR. NOTLEY: Mr. Speaker, a supplementary question, if I may, to the hon. minister in his position as Government House Leader. I'm not asking what has occurred today in Ottawa — and I hope some accord has been reached — but in terms of the work of this Legislature. Is the minister in a position to advise the Assembly whether it is the government's intention, through the Government House Leader, to put a government motion on the Order Paper, so that there can be a full report by the Premier and the Minister of Federal and Intergovernmental Affairs on the constitutional conference, and an opportunity for members to debate?

MR. CRAWFORD: Mr. Speaker, I've given some preliminary consideration to the format which might be most suitable for a report to be made to the Assembly upon the return of the Premier, and the format under which a full discussion might take place. No decision has been made in respect of that matter. The suggestion implicit in the hon. member's question, though, is one that would be considered.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the hon. House leader with regard to the general attitude at this point in time. In terms of the contact the hon. minister or other colleagues have made with Ottawa, could the negotiations be described as optimistic, and is progress being made?

MR. CRAWFORD: Mr. Speaker, the hon. leader may know that I pay particular attention to the interpretations people may occasionally put on one word or another. Because of that, I hesitate to adopt any of the words the hon. leader has used in his question. I can only reiterate the difficulty, which I know the hon. leader understands, in trying to comment on that particular process at this time. I would not really be able to add any information today that would be of assistance in answering those questions.

Alaska Pipeline

MR. R. SPEAKER: Mr. Speaker, I'd like to direct my second question to the Minister of Energy and Natural Resources. It's with regard to the Alaska pipeline. Does the government intend to give its support to the American sponsors of the Alaska Highway pipeline in their bid to gain legislative waivers from the U.S. government, waivers which would allow the project to go ahead and potentially benefit Alberta companies?

MR. LEITCH: Mr. Speaker, I think it would be accurate to answer that question in the negative. Basically, our position in respect of that line has been one of an interested observer.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate why this rather neutral position is being taken by Alberta at the present time? One of the strong representations the Premier has made to the federal government is with regard to the sale of natural gas, our product. Does the government see no value in the Alaska Highway pipeline? Is that the reason this sort of neutral or no position is being taken?

MR. LEITCH: Mr. Speaker, with the Alaska pipeline in place, I would think it would be somewhat more difficult for us to sell natural gas in the United States. In my view, with that gas line in place, it would have to be filled and the natural gas taken into the market in the United States in order to justify the cost of building and operating it. That's obviously going to reduce the market available for exports of Alberta natural gas.

MR. R. SPEAKER: Mr. Speaker, my question then is: why does Alberta take such a neutral position, when it will affect gas exports from the province of Alberta?

MR. LEITCH: Mr. Speaker, I wonder if the hon. Leader of the Opposition is arguing that we should take a negative position. If he wishes to take that position, I'd be interested in his observations on that. But this arrangement was made some time ago between the federal government and the United States government and, by and large, we have been an interested observer.

VIA Rail Service

DR. REID: Mr. Speaker, I'd like to address my question to the Minister of Tourism and Small Business. It arises from some questions asked in the Assembly on October 20 and the tremendous importance the subject has to the town of Jasper. Could the minister tell the Assembly whether he's received any answer to the various communications from the government of Alberta to M. Pepin, the Minister of Transport in Ottawa?

MR. ADAIR: Mr. Speaker, no direct responses from the hon. minister.

DR. REID: In view of the response by the minister and the lack of response by the federal minister concerned, are the government of Alberta and the minister's department considering any further action in regard to the withdrawal of VIA Rail service from Vancouver to Winnipeg through Jasper?

MR. ADAIR: Mr. Speaker, as I have said on a number of occasions, we have asked the Attorney General to look at the possibility of our becoming involved with those communities involved in actions against the cut of VIA Rail services. I am hoping that response will be positive. I might ask my colleague the Attorney General to elaborate further.

MR. CRAWFORD: Mr. Speaker, just a supplementary answer. I think all I could add at the present time is that discussions have in fact taken place with other parties, and potential other parties, to proceedings involving VIA Rail, and a very full and high priority is being given to the consideration of those questions. However, I'm not in a position to answer in detail as to the extent to which the government might be involved within the next very short time frame, which is what is necessary, in respect of specific legal proceedings.

DR. REID: Could the minister or the Attorney General give any assurance that considerable interest will be taken in this matter, in view of the fact that the Jasper Chamber of Commerce has already registered a statement of claim in the courts and that the government of Alberta hopefully will take some part in that action? According to the federal schedule, it's now a matter of less than two weeks before the last train will be running?

MR. CRAWFORD: Mr. Speaker, I think everyone would want to congratulate the Jasper Chamber of Commerce for the initiatives they've taken, and to acknowledge the importance, far beyond the boundaries of that community and, indeed, the boundaries of our province, in seeing satisfactory resolution of the difficulties caused by certain decisions made by federal agencies in regard to VIA Rail service.

In respect of the specific legal proceedings, we have reviewed the proceedings commenced on behalf of the plaintiffs in Jasper, and have been in full consultation with their legal counsel. I'm not able to go beyond that at this point.

DR. BUCK: Mr. Speaker, to the hon. Minister of Tourism and Small Business. Can the minister indicate, from the studies he has had under way that he has looked at, the loss to the Canadian taxpayer the operation of the line between Winnipeg and Vancouver?

MR. ADAIR: Mr. Speaker, I don't have any of those figures right at my fingertips, but I can get the information we have had provided to us. If I recall . . . I'd better not use figures, because I don't have them at my fingertips.

DR. BUCK: Mr. Speaker, a supplementary question. At the same time he is seeking that information, can the minister indicate in his reply the breakdown of how many Canadian passengers, as well as tourists, that line moves from Winnipeg to Vancouver?

MR. ADAIR: I'll attempt to get those figures for you. I'm not sure they can be broken down to who is an international tourist and who is a Canadian, but will attempt to do that.

In the broader sense, I might point out that the information we have is that particularly in the months of June, July, August, September, and even as late as October 18 of this year, the Supercontinental was running

to full capacity, and historically has in the summer. We have had some concern that it has not been totally filled in the winter. One recommendation in the day report provided to the Department of Economic Development suggests that you look at the alternatives of providing an entire continuing service for the summer months when looking at peak load periods and, when necessary, reduce it in the winter. That's just good business sense.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Tourism and Small Business or the Minister of Transportation. What contingency plan does the government have in place to move to Jasper and Banff the tourists who usually come by airline to Edmonton or Calgary? What contingency plan does the government have in place to look after these tourists who are going to the two centres I have mentioned?

MR. ADAIR: Mr. Speaker, the Calgary and Banff passengers are not affected by the problems in VIA Rail. But they would be indirectly affected by the cut on the north run and the inability of the federal government in the direction to VIA Rail to adjust their schedule between Edmonton and Calgary so they could at least meet — where you could get off one train and get on the other. Our understanding is that they will not change those schedules. A person now would have to go from Edmonton to Calgary, stay overnight, and get on the train the next day, which causes some great deal of inconvenience.

The other part of the question, Mr. Speaker, would relate to the fact that we as a department have been quite supportive of Time Air's application for services that might provide some alternate service from the west coast to the Jasper area, relative to the tourist aspect. It does have some importance to our department, [interjection] Your turn will come, sir. Let me finish my comments, if you will. I'll have to stop and get back in gear. He kicked it out of gear for a moment.

When we were in Japan, Mr. Speaker, our discussions were that the Pacific Rim tourists would prefer the train, if at all possible. So we're pursuing that particular course.

DR. BUCK: Mr. Speaker, a supplementary question to the Minister of Transportation, in light of the fact we are building airports across the province, some in places where we don't even have airplanes. [interjections] For the information of some of the Tory backbenchers, there are some of those. [interjections] Do you guys want some help in telling you how to run this government, or don't you? [laughter]

Mr. Speaker, can the minister indicate if any plans are under way to place an airstrip that could land, say, 737s outside the park gates in Jasper? Has there been any consideration of doing that?

MR. KROEGER: First of all, Mr. Speaker, airplanes follow airports.

On the second point, we do have an airport at a space between Hinton and Jasper, and it's probably the nearest level ground that would accommodate that sort of facility. There is also within the park a minor grass strip over which we have no control. But no, the strip at Hinton wouldn't accommodate the type of aircraft mentioned, the 737. I think it's a 4,500 foot strip. If there were any indication that that kind of equipment would want to go in there, we'd have to extend that.

MR. R. CLARK: Mr. Speaker, on this same issue of the cancellation of VIA Rail, I'd like to direct a supplementary question to the Minister of Consumer and Corporate Affairs. In the support the Alberta government has been giving to Transport 2000 and their involvement in the question of VIA Rail transportation, has the government discussed with Transport 2000 the possibility of a portion of this money being used in the court challenge against the federal minister's action?

MR. KOZIAK: Mr. Speaker, that aspect wasn't raised when the matter of an application for a grant was posed to us by Transport 2000. At the time they applied for a grant, their main concerns were the publicity needed to work with the various chambers of commerce in Alberta that would be affected by deletion of this run, the representations they would make to the committee studying the matter across Canada, plus representations they hoped to make to the minister in Ottawa.

Heritage Trust Fund Debentures

MR. WEISS: Mr. Speaker, my question is directed to the Provincial Treasurer. In view of the fact that there has been ongoing debate and discussions within the Assembly pertaining to the \$100 million debentures of Canada-Cities Service and Gulf Canada, would the minister advise the Assembly of the status of these convertible debentures held by the Alberta savings trust fund? Has any decision been made as to the conversion?

MR. HYNDMAN: Mr. Speaker, by reason of the added certainty with respect to future synthetic oil prices, and for other reasons, the investment committee of the heritage fund has decided in principle to exercise the conversion of the two convertible debentures, and has given notice to the two companies involved to carry out that conversion as of January 1, 1982. That will approximately double — from about 8 per cent to approximately 16.75 per cent — the direct equity interest of the Alberta government in the plan.

MR. WEISS: A supplementary, Mr. Speaker. Why would the date January 1, 1982, be selected rather than perhaps December 1, 1981?

MR. HYNDMAN: Mr. Speaker, there is a requirement of notice to be given to the existing equity holders, because their equity will of course decrease. On the basis of all the relevant information, we drew the conclusion that the wisest investment decision would be to convert as of January 1, 1982. Of course, being an equity owner, we will now have new risks which we did not have as a debenture holder. But over the long term of the life of the plant, we're confident that that's about the right date. [interjections]

Abandoned Rail Line Rights of Way

MR. MANDEVILLE: Mr. Speaker, my question is to the hon. Minister of Economic Development. Could the minister inform the House of the number of miles of abandoned railways we have in the province the last two years, and if the province has now taken over control of these abandoned rights of way?

MR. PLANCHE: Mr. Speaker, that responsibility properly belongs to the Associate Minister of Public Lands and Wildlife, but I'll take it as notice on his behalf.

MR. MANDEVILLE: A supplementary question to the hon. Minister of Transportation. Has the minister set any guidelines as to how we're going to use these corridors when they're turned over to the province? And when will they be turned over to the province?

MR. KROEGER: Mr. Speaker, again I would have to deflect the question to the hon. Associate Minister of Public Lands and Wildlife, who isn't here, except to say that where it's appropriate, we probably will use some of them for rights of way for roads.

MR. MANDEVILLE: A supplementary question to the hon. Minister of Agriculture. In light of the hardships some farmers are facing where these lines have been abandoned, is the Department of Agriculture taking any steps to help farmers in the areas where railroads have been abandoned, or help to keep the railroads in where they're anticipating taking them out?

MR. SCHMIDT: First of all, Mr. Speaker, it certainly will be in the interest of producers to keep branch lines that are still in existence in operation.

For the abandoned railway rights of way and for those that, because of severance and the location, place some hardships on individual quarter sections, some time ago we had the opportunity to discuss with Public Lands the opportunity for the rights of way to be treated in a manner similar to Crown lands and, where hardships were found to exist after the abandonment, some arrangement made for the farmer to tie the two parcels together with the use of that particular piece of property.

MRS. CRIPPS: A supplementary, Mr. Speaker. Are there any guidelines for farmers to make application to have that abandoned rail line included in the original title of their land?

MR. SCHMIDT: Mr. Speaker, I suggest that the availability of suggestion to Public Lands would be the same as the use of any other property, and that anyone interested follow that route.

Provincial Parks Development

MR. NOTLEY: Mr. Speaker, I would like to direct this question to the Minister of Recreation and Parks. It concerns the government's working paper on David Thompson country, that massive project which will be a big brother to the Kananaskis project. After reviewing this working paper, my question is: is the minister going to be making a formal announcement in the Legislature on David Thompson country, or will this be left in the caucus as a pre-election gimmick? [interjections]

MR. TRYNCHY: Well, Mr. Speaker, I guess we'll just have to wait and see.

MR. NOTLEY: Mr. Speaker, a supplementary question. In reviewing the 24 different proposals contained in the working paper, at this stage of the game has the minister been given any cost estimates as to the ultimate cost of David Thompson country?

MR. TRYNCHY: No, Mr. Speaker, we don't have any cost figures on it.

MR. NOTLEY: Mr. Speaker, a supplementary question to the minister. In view of the almost ecstasy we received yesterday from the Associate Minister of Public Lands and Wildlife on the Odyssey project in the southern part of David Thompson country, can the minister advise the Assembly whether the Cline River Odyssey project is in fact an integral part of David Thompson country?

MR. TRYNCHY: Mr. Speaker, we're looking at a number of locations in Alberta. I would say that until we've made a decision, we have not taken a firm stand on whether it's a part, or whether the park or development will go there.

MR. NOTLEY: Mr. Speaker, a supplementary. Is the minister in a position to outline clearly to the House the position of the government with respect to not only this massive proposal but others. The formal recommendation of the Alberta Fish & Game Association is that before any of the so-called "countries" are formally committed, there should be a form of public input, preferably public hearings. What is the government's position on that?

MR. TRYNCHY: Mr. Speaker, before we decide to go in any direction in any part of the province, we would consider public hearings. I think I've made it quite clear, in our development of rural provincial parks, that we hold public hearings. Possibly we could do that too.

MR. NOTLEY: Mr. Speaker, a supplementary question. In view of the very specific request of the Alberta Fish & Game Association, is the minister in a position to give assurance to the Legislature that before any major project such as David Thompson country is committed, there will be formal public hearings so the public has an opportunity to address the pros and cons of such projects?

MR. TRYNCHY: Mr. Speaker, the hon. member assumes we're moving in that direction. At this time, we're not.

Automobile Insurance

MR. R. CLARK: Mr. Speaker, I'd like to direct a question to the Minister of Labour in his capacity as being responsible for the Human Rights Commission. The question comes as a result of the letter from the Human Rights Commission chairman to all MLAs on October 9. I'd like to quote the middle paragraph of that letter, if I might:

The Commission feels that this problem has been held in abeyance too long, and recommends in the statement, a specific course of action to be taken by the Government. We ask that you support our recommendation.

What decision has the government made on the often-made request from the Human Rights Commission that some action be taken regarding this question of discrimination in the automobile insurance industry in Alberta?

MR. YOUNG: Mr. Speaker, in responding to that question I should first say that in terms of a governmental decision, by implication the decision is awaiting a recommendation from the Minister of Labour. Before mak-

ing a recommendation, the Minister of Labour will be discussing the matter with the insurance industry — and some discussions have been held on a preliminary basis — and with the Alberta Human Rights Commission, trying to obtain from both parties a reaction to the proposition that a joint committee approach may be a more progressive and positive procedure than would a royal commission.

In the event that a royal commission would be proposed as a route to go, it would be necessary for both parties to advance their particular points of view on a complex issue — complex, as acknowledged by both the insurance industry and the commission itself — to a third party. If they're prepared to go that route, they may well achieve greater progress by discussing the issue between themselves and trying to sort out what elements of the various existing questions may be resolved one way or another.

MR. R. CLARK: Mr. Speaker, a supplementary question to the minister. I would never want to be accused of forcing the government into a quick decision on this matter. But seriously, having regard for the fact that the commission first brought this matter to the government's attention in September 1978, if my memory is accurate, and perhaps before that time, and the government is now into a situation of November 1981, when can we expect some action taken by the government?

This is unprecedented action by the Human Rights Commission: to have written to the Premier twice, to have reported to MLAs twice, and to have pleaded with MLAs for their support twice, to move on this matter. Now, when can we expect some action by the government? Frankly, the credibility of the commission is at stake. Either do something or make a firm decision and say no.

MR. YOUNG: Mr. Speaker, with respect to the Member for Olds-Didsbury, it's not my view that the credibility of the commission is at stake. This is one of a large number of issues which the commission has to address. In no way do I believe the commission credibility to be at issue on the matter.

MR. NOTLEY: They do, Les.

MR. R. CLARK: That's the important part.

MR. YOUNG: On the matter of progress on the issue, I think a considerable amount has been achieved. First of all, back in December 1978, which I think was the approximate timing of the conclusion of the board of inquiry into this issue, two black and white positions were taken, two very opposing positions.

From my discussions with both parties, and as acknowledged in the submission to which the hon. Member for Olds-Didsbury has been referring, the commission sees it as a most complex matter now, not just a matter related to automobile insurance but having some other implications as well. I can advise that a number of discussions I've had with leaders in the insurance industry have led me to understand that they now perceive that it's a very complex issue and that a number of sub-issues are involved in it.

For that reason, inasmuch as we've achieved that degree of progress from pretty diametrically opposing points of view at one time, when as I interpreted the reaction of both parties, the matter seemed to be very

clear-cut and very certain on their respective parts, it is now much less so. I think we have begun a very good, comprehensive understanding of the matters at hand. Given that context, I really believe that there is a significant opportunity and a good possibility for the parties to work together to resolve the differences and to sort out the matters that they have between them. I should advise that in recent meetings I've had with the Insurance Bureau of Canada, some initiatives have been taken to do this.

So I am confident that the better route to go is to have the two parties who in some respects have at hand the conflicting interests, if you will, try to resolve between themselves, rather than try to advance propositions to a third party, which must then sit in judgment upon the two points of view.

MR. R. CLARK: Mr. Speaker, conceding that the matter is complex, I ask the minister specifically: what action has the government or the minister taken since October 9 this year, when this letter went to MLAs, that has changed the view of the Human Rights Commission?

MR. YOUNG: Mr. Speaker, it would be a 'guesstimate' on my part to determine whether any discussion subsequent to that date has changed the view of the commission. I would not know that, and I don't imagine the commission itself could know until they have had a chance to review the situation collectively.

The situation is that since that time, my discussions with the Insurance Bureau of Canada and related insurance industry representatives would suggest to me that there is some potential value in an approach which might lead to consensus rather than arbitration, which is really what a royal commission approach is. If possible, I think that is the preferred route as soon as it is possible to replace all the members whose terms on the commission are expiring, as the hon. member knows. That question will be put to them. I hope I can report further, but that will come some days in the future.

MR. R. CLARK: Mr. Speaker, let me put the supplementary question to the minister this way: is it still the position of the Human Rights Commission that they stand behind this letter sent to all MLAs on October 9, where they in fact asked the government to set up a royal commission? Or has something happened since that day to change the commission's view? And if that's happened, why hasn't the commission advised MLAs accordingly?

MR. YOUNG: Mr. Speaker, I've already answered that question as best I can. I've indicated that I've had some discussion with the chairman and some members of the commission. I had just a delightful evening with the commission for about four hours last evening. As a consequence of the conviviality of that occasion and the serious discussion on other occasions, I am not sure whether or not the commission holds to that point of view. I would not know that and would not pretend to answer for the commission. As the hon. member well knows, the commission is an independent body and will make up its own mind. [interjections]

Liquor Licences

MR. D. ANDERSON: Mr. Speaker, my question is to the hon. Solicitor General. Can he indicate if he is in a position to inform this House as to the extent of subscrip-

tions to new licensing categories for liquor as prescribed in legislation within the past year?

MR. HARLE: Mr. Speaker, I heard the word "subscription", and I didn't catch the rest of the sentence.

MR. D. ANDERSON: Mr. Speaker, if I might clarify. Can the Solicitor General indicate how many applications, or if there have been a great number of applications for new licences under new licensing categories, such as the night club licence, established by this Assembly?

MR. HARLE: Mr. Speaker, there's still a sound problem. I can't hear the question.

MR. D. ANDERSON: Mr. Speaker, again to the Solicitor General. I'd like to know how many, or if there have been a great number of applications regarding new licensing categories established by liquor legislation changes in this House within the past year.

MR. HARLE: Mr. Speaker, I'd have to take that question as notice.

MR. SPEAKER: The hon. Minister of Social Services and Community Health would like to deal further with a topic previously raised during a question period.

Child Welfare

MR. BOGLE: Mr. Speaker, yesterday the Member for Spirit River-Fairview asked a question as to when the formal notification had been given to the district offices regarding the involvement of police in terms of locating parents, and/or others, relative to a child welfare matter. I took that matter as notice yesterday.

I can provide the Assembly with further information today, Mr. Speaker. The child welfare manual has recently been updated. The old manual was dated August 1976. Revisions to the August 1976 manual were nearly complete mid this year. Those revisions were supervised by the director of child welfare, and approval was given by the deputy minister of social services on August 10 this year.

Appendix A in the revised manual deals with the guidelines upon which consideration should be given, or in terms of other cases where social workers should in fact ensure that the police are contacted. The manual went to print on August 14, following approval of the appendix and the other material by the deputy minister, was received in the department on September 3 this year, and distributed to our district offices between September 10 and 11 this year.

Mr. Speaker, I might mention that a further appendix will be added to contain the information I shared with this Assembly yesterday, to ensure that in addition to contacting the local police, contact will be made with RCMP K Division headquarters in Edmonton.

MR. SPEAKER: I believe the hon. Minister of Agriculture also wishes to deal further with a previous question period topic.

Hail and Crop Insurance

MR. SCHMIDT: Mr. Speaker, I would like to provide the information for the hon. Member for Bow Valley who, in the question period on the 3rd, asked how many

farmers had availed themselves of the all-risk crop insurance for the year 1981. The number is 18,697. It's within 300 of the number of farmers registered under the plan for 1980 and covered just over 7 million acres. About 79 per cent of those who had all-risk crop insurance took out the hail coverage as well.

MR. R. SPEAKER: On a point of order, I note there are a few moments left in the question period. Yesterday great concern was expressed to me and to the Assembly from the hon. Member for Vegreville, about not being able to ask his question. We have sort of restrained ourselves in terms of questions today, so that time would be allowed. Mr. Speaker, I'd like to draw that to your attention, so that possibly you could acknowledge the hon. Member for Vegreville in terms of his question.

MR. NOTLEY: You're on, John.

MR. BATIUK: On that point of order, Mr. Speaker. I had mentioned that since the fall session, on a few occasions I did not have a chance to ask my question. I think it's far too late to be asking those questions. I wouldn't want to repeat questions like the hon. Leader of the Opposition does, [interjections]

ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. Appleby in the Chair]

MR. CHAIRMAN: Will the Committee of Supply please come to order.

ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1982-83 ESTIMATES OF PROPOSED INVESTMENTS

Department of Energy and Natural Resources

1 — Alberta Oil Sands Technology and Research Authority

MR. CHAIRMAN: The hon. minister wishes to make some remarks.

MR. LEITCH: Thank you, Mr. Chairman. When the committee was last considering this matter, I was asked some questions about the breakdown in round numbers or general terms of the \$54 million in the vote. I'm now able to give that breakdown in round numbers to members of the committee.

It is \$3 million for the Alberta Research Council; for university contracts, \$1 million; for professorships, scholarships, and fellowships, \$1 million; and for other, \$1 million, making a total of \$6 million for institutional research. With respect to mining and extraction — and I've broken it out by processes — the dry process would be \$4 million; the water dilutant process, \$1 million; and others, \$1 million, for a total in that area of \$6 million.

In *in situ* oil sands, the total provided in the vote is \$31 million. For the bituminous carbonates, the total is \$2

million. The total for the heavy oil is \$6.5 million; for bitumen upgrading, it is \$2 million; and for technology handling, \$0.5 million. I could of course give a detailed breakdown of those numbers. Although, I think it would be inappropriate to do so in some areas because contracts are now under negotiation between AOSTRA and other participants. Making public their estimate of the extent of their involvement in those contracts would of course hinder their negotiations.

Mr. Chairman, the last time the Committee of Supply dealt with this matter, a great deal of interest was shown, and I certainly welcome that interest, in the contracts AOSTRA has and the reports and work that AOSTRA has been doing. We have perhaps as many as 100 contracts. I haven't counted them, but there are a great number of them. There is also a vast array of reports. I happen to have two of them with me today. One is entitled Final Report, AOSTRA/University Agreement No. 30: "The Molecular Structure and Chemistry of Alberta Oil Sands Asphaltene"; and the other, Metals, Microbes, and Bituminous Sands. That was completed in October 1977.

A little later on I may come back to these and other reports and the other contracts to which I've referred. But I thought I should spend some time and review in detail the contract that provoked the greatest interest on the part of members of the committee during the last session. That was the contract dealing with the Shell experimental project in the Peace River area. The parties of the contract are the Alberta Oil Sands Technology and Research Authority, Shell Canada Resources Limited, and Shell Explorer Limited. The contract is entitled AOSTRA-Shell Peace River In-Situ Project Agreement.

An index to the contract is entitled AOSTRA-Shell Peace River In-Situ Project Agreement. The articles are numbered. They begin with the definitions, follow with the project, representations and warranties, committees, project timetable, payment, the operator, access to the project and audit rights, the Authority technical representative, receipts of the project, transfer or assignment, proceedings with phase B or phase C, disposal of assets, technology ownership and licensing thereof — and that matter was explored in some detail during the previous review of this vote by the committee — arbitration, phase reports and final report, replacement or reconstruction, and general conditions.

There are a number of schedules, Mr. Chairman, to which I'll be referring as I review the contract. They include the pilot site, broad all-risk property policy, insurance, the project timetable and expenditure forecast, the accounting procedure, a list of key personnel, and the technology agreement.

Mr. Chairman, the agreement is made in triplicate. It's between the Alberta Oil Sands Technology and Research Authority, which is a body incorporated by an Act of the Legislature of the province of Alberta. Throughout the agreement it is referred to as the Authority. It is the party of the first part. Another party to the agreement is Shell Canada Resources Limited, a company with an office in the city of Calgary, in the province of Alberta. Throughout the agreement, it's called Resources and is the party of the second part. The third party is Shell Explorer Limited, a company with a registered office in the city of Calgary, in the province of Alberta. Throughout the agreement, it is called Explorer or the third party. There are a number of "whereas" clauses, Mr. Chairman, and they begin:

WHEREAS:

1. The Authority is desirous and that of course is the Alberta Oil Sands Technology and Research Authority

of assisting, encouraging and promoting research into the technological methods required for the efficient and economic recovery and processing of crude bitumen and other oil sands products from oil sands deposits in the Province of Alberta and for the efficient and economic recovery and processing of heavy crude oil in Alberta; and

2. Shell Canada Limited by application dated the 29th day of October, A. D. 1975, proposed that Shell Canada Limited and the Authority jointly carry out that certain research project defined [in the agreement] as the "Project"; and

3. Shell Canada Limited has requested that the Authority deem the application to be a joint application of Resources and Explorer (hereinafter collectively called the "Company") and the Authority has so agreed .

Mr. Chairman, you'll notice by that clause that Shell Canada, which was referred to throughout the agreement as Resources, being the party of the second part, and Shell Explorer Ltd., which is referred to throughout the agreement as Explorer and as the party of the third part, have joined together and are called collectively "the Company" in the agreement.

I was just pausing, Mr. Chairman. I wondered if the members asking these questions were interested. I didn't want to interfere with their private little chit chat. If we now have their attention, I will proceed:

4. The Authority is authorized by The Oil Sands Technology and Research Authority Act to enter into an agreement with any person for the carrying out of a research project jointly by the Authority and that person; and

5. The Authority is desirous of carrying out the Project jointly with the Company; and

6. The Authority and the Company are desirous of providing for the ownership, use, and licensing of the technology used or generated in the project;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants set forth herein to be performed and observed, the Parties hereto covenant and agree each with the others as follows.

Now, Mr. Chairman, we're getting into the operative portions of the agreement, and we begin with the definitions.

For the purpose of this agreement, the following terms shall have the meanings ascribed to them in this Article unless the context requires otherwise.

1.01 "Accounting Procedure" means that procedure set forth in Schedule "E" hereof.

Mr. Chairman, you will remember I referred to that schedule as one I'll be dealing with later on.

1.02 "Agreement" means this Agreement and the Schedule attached hereto and forming a part hereof.

1.03 "Application" means the application submitted by Shell Canada Limited on October 29, 1975 and the appendices thereto.

Mr. Chairman, 1.04 is an important definition because a number of the operative sections later on in the agreement use the phrase:

"Assets" means the facilities, equipment, materials and supplies purchased, constructed or otherwise acquired on behalf of the Project and includes the

Phase A Assets, the Phase B Assets, and the Phase C Assets, the Overrun Assets, and the Reconstructed Assets.

It will be important to keep those distinctions in mind as we work our way through the agreement, Mr. Chairman.

1.05 "Close Cost Estimate of Phase B" means the estimated Net Sum required to conduct and complete Phase B as determined by the Management Committee at least 180 days prior to completion of Phase A, provided that such determination shall be deemed not to have been made if Resources and Explorer both cast negative votes with respect thereto, provided further that if such determination is not so made or is deemed not to have been so made the Net Sum of \$60,000,000.

1.06 "Close Cost Estimate of Phase C" means the estimated Net Sum required to conduct and complete Phase C as determined by the Management Committee (voting as if no Overrun exists) in Phase B at least 180 days prior to the completion of Phase B, provided that such determination shall be deemed not to have been made if Resources and Explorer both cast negative votes with respect thereto, provided further that if such determination is not so made or is deemed not to have been so made the Net Sum of \$35,000,000.

1.07 "Effective Date" means the date this Agreement is executed by the last of the Authority, Resources, and Explorer.

I think I can give the committee that date, if I can find the last page of the agreement. Mr. Chairman, I can't quickly put my hand on the last page of the agreement. In any event, we'll come to that date in due course.

1.08 "Lease" means the lease described in Article 3.01 hereof.

1.09 "Month" means the calendar month.

1.10 "Net Sum" means in reference to any Phase or period an amount equal to the total of Project Expenditures of that Phase or period:

- (a) less any amounts received by the Operator and specifically stated in Article 10.02 or Article 13.02 to be credited against any Party's portion of Project Expenditures during that Phase or period but excluding any amounts received or credited to the Project from the sale of Products

and these are deductions from the net sum calculation, Mr. Chairman:

- (b) less any amounts required for replacement or reconstruction of Assets due to physical loss which amounts were or would have been recoverable for replacement or reconstruction purposes by the Parties, which were Participating Parties at the time the damage or destruction occurred, from proceeds of a Broad All Risk Property Policy (as provided for and defined in Article 17.08) if such policy had been carried by each Party, whether or not such a policy is carried.

1.11 "Operator" means Resources or its successor from time to time as appointed in accordance with Article 7 of this Agreement.

Members will remember that Resources is Shell Canada Resources Limited.

1.12 "Overrun" means each portion of a Phase

commencing at the time at which the Net Sum Project Expenditures incurred during that Phase equal the Close Cost Estimate or each Revised Close Cost Estimate of that Phase and terminating at the earliest of the commencement of the next Overrun or the completion or sooner termination of such Phase in accordance with the terms hereof.

1.13 "Overrun Assets" means, with respect to an Overrun, those Assets purchased, constructed or otherwise acquired on behalf of the Project during such Overrun excluding any Reconstructed Assets.

1.14 "Overrun Expenditures" means, with respect to an Overrun, the Project Expenditures incurred therein.

1.15 "Participants" means all Parties to this Agreement on the date hereof or which hereafter become Parties to this Agreement in accordance with Article 11 hereof save and except for the Authority.

1.16 "Participating Party" means, with respect to any Phase of the Project, a Party that possesses a Participation Percentage in each phase.

1.17 "Participation Percentage" means a percentage initially allocated to each party as it becomes a Party and thereafter varied in accordance with the terms hereof, the initial allocation being:

- (a) In the case of the Authority — Fifty . . . per cent;

That, Mr. Chairman, fixes the percentage of the Alberta Oil Sands Technology and Research Authority in the project as a participant at 50 per cent or one-half.

- (b) In the case of Resources [which is Shell Canada Resources Limited] — Twenty Five . . . per cent;

- (c) In the case of Explorer [which is Shell Explorer Ltd.] — Twenty Five . . . per cent.

- (d) In the case of any other party, the percentage agreed upon between that other Party and the Party it acquires its interest from at the time such other Party became a Party hereto.

That, Mr. Chairman, is a contemplation by the parties that one or more of them may sell a part of their interest to some other entity, which would then become a participant in the project.

1.18 "Parties" means the Participants and the Authority.

1.19 "Period" means each of Phase A, Phase B excluding any Overruns, Phase C excluding any Overruns, and any Overrun.

1.20 "Phase A" means that portion of the Project comprising the design and construction of the pilot project facilities described in Clause 4 of Appendix A to the Application, (excluding the two fuel gas wells) and the operation of the pilot project in accordance with sub-clause (5)(a)i of Appendix A to the Application including the research conducted in conjunction therewith commencing on the Effective Date and terminating when the Net Sum Project Expenditures equal Fifty Eight Million . . . Dollars or on the 31 day of December, 1982, whichever first occurs.

1.21 "Phase A Assets" means those facilities, equipment, materials and supplies purchased, constructed or otherwise acquired on behalf of the Project during Phase A excluding any Reconstructed Assets.

1.22 "Phase B" means that portion of the Project commencing on the completion of Phase A and con-

tinuing to the completion of one complete reservoir pressurization and depressurization cycle substantially in accordance with sub-clauses (5)(a) ii, iii and iv of Appendix A to the Application, or to and including the 31 day of December, 1987, whichever first occurs.

1.23 "Phase B Assets" means those facilities, equipment, materials and supplies purchased, constructed or otherwise acquired on behalf of the Project during Phase B excluding any Overrun Assets and Reconstructed Assets.

1.24 "Phase C" means that portion of the Project limited in time from the date of completion of Phase B to the completion of the pilot project as described in the Application or to and including the 31 day of December, 1991, whichever first occurs.

1.25 "Phase C Assets" means those facilities, equipment, materials and supplies purchased, constructed or otherwise acquired on behalf of the Project during Phase C excluding any Overrun Assets and excluding [any] Reconstructed Assets.

1.26 "Pilot Site" means that area outlined in red on the plan attached hereto with Schedule A and comprising LSD's 13 and 14 of Section 16, LSD 16 of Section 17, LSD's 1 and 8 of Section 20 and LSD's 3, 4, 5 and 6 of Section 21, all in Township 85, Range 18, West of the 5th Meridian.

1.27 "Products" means any product or by-product produced from oil sands in the Bullhead Zone, at the Pilot Site, by the Operator in its capacity as Operator, and includes crude bitumen and residue sand, excluding such substances as are lost or consumed as fuel in the operation of the Project.

1.28 "Program" means all research, design, construction, operation and evaluation associated with a seven 7-acre - 7-spot pilot operation in the Peace River Oil Sands as more particularly described in the Application. In summary, but not so as to limit the foregoing, high quality steam will be injected at high rates into 7 injection wells. The steam preferentially enters a highly permeable, highly water saturated layer at the base of the reservoir creating a heated path to the low pressure areas at 24 producing wells surrounding the injectors. When the steam zone reaches the producers the production rate will be throttled back while a high injection rate will be maintained resulting in pressurization of the reservoir. When a reservoir pressure level of 800-1100 psi is attained, injection and production rates will be controlled so as to maintain this pressure level for about one and one-half years. During this period heat is conducted upward into the bitumen rich zone thus mobilizing the viscous bitumen. This heating period is followed by a depressurization cycle during which production is increased and reservoir pressure is allowed to drop to some 250-500 psi over a one and one-half year period. Steam injection is continued at low rates to provide additional pressure drive. Bitumen migrates from the upper bitumen-rich zone to the underlying high permeability zone from which it is to be produced. The pressurization, heating and depressurization cycle will be repeated to produce the remaining recoverable bitumen. Monitoring of the process will be carried out through 12 pressure/temperature observation wells located throughout the pilot area. Details of operating policy and in-depth studies of the reservoir recovery process will be carried out before, during and after the field

operation through an association laboratory research program.

At the conclusion of field operations, evaluation cores will be taken from the reservoir to provide additional data on the effectiveness of the recovery process.

Project data plus cost and design parameters for surface processing facilities will be combined to derive the economics of a commercial size production project.

Mr. Chairman, we are still dealing with the definitions section of Article 1 of the agreement:

1.29 "Project" means

- (a) a combination of investigations and operations as follows:
 - (i) The undertaking and carrying out of the Program;
 - (ii) All operations and investigations (including engineering, construction, research and geological investigations) charged to the Project; and
 - (iii) All investigations charged to the Project utilizing the data generated by the Program, including, but not limited to, data interpretation, economic evaluations, and commercial operation feasibility studies;

and

- (b) the Assets.

Mr. Chairman, those matters define what is included in the use of the word "project" throughout the agreement.

1.30 "Project Expenditures" means all costs, charges and expenses incurred in conjunction with the Project chargeable in accordance with the Accounting Procedure . . .

and I'll come to the accounting procedure later on, Mr. Chairman

. . . or the terms of this Agreement including but not limited to all monies expended by the Parties in their indemnification of the Operator pursuant to Article 7.08 hereof.

1.31 "Reconstructed Assets" means those facilities, equipment, materials and supplies purchased, constructed, reconstructed, or otherwise acquired on behalf of the Project, pursuant to Article 17.04 hereof as replacements for or reconstruction of, Damaged Assets as defined in Article 17.01.

1.32 "Site" means the Pilot Site and any surrounding areas which are necessary for and utilized in conjunction with the Project and with respect of which areas Project Expenditures are incurred.

1.33 "Technological Agreement" means the Technology Agreement executed concurrently herewith in the form set forth in Schedule "G" attached hereto . . .

again, I'll come to that a little later on, Mr. Chairman

. . . and any amendments thereto which shall be made from time to time in accordance with the terms thereof.

Mr. Chairman, we now move into the terms of the agreement, and they begin with Article 2, paragraph 2.01, entitled, The Project:

The Parties covenant and agree each with the others to conduct and carry out Phase A, Phase B and Phase C to completion subject to and in accordance with the terms hereof. The relationships of the Parties shall be governed by, and the conduct of the

Project shall be undertaken in accordance with the provisions of this Agreement.

Paragraph 2.02, Relationship with the Parties

Except for United States income tax purposes, nothing contained herein or contained in any agreement made pursuant hereto shall be read or construed so as to create a partnership or joint venture' and, except in the case where specifically stated to be duties, obligations and liabilities of the Company which duties, obligations, and liabilities are joint and several obligations of Resources and Explorer, the duties, obligations and liabilities of the Parties are separate and not joint or several, joint and several, or joint. Except as aforesaid, each Party shall be individually responsible only for its obligations as set out in this Agreement, or any agreement made pursuant hereto. Except as otherwise specifically provided in Articles 3.03, 12.12, and 18.08 any Party including the Operator, shall be free to conduct any business or activity whatsoever free of any accountability to any other Party hereto, even if such activity competes with the Program.

Mr. Chairman, that is an important clause, because it ensures that during the construction and operation of this project the liabilities of the parties are separate and not joint, so that AOSTRA would not incur any liability for the actions of either of the other parties to the agreement.

Then, Mr. Chairman, we come to Clause 2.03, an important clause which is entitled Ownership. It provides that

Except as otherwise expressly provided herein or in the Technology Agreement, the Participating Parties in any Phase shall own in undivided interests equal to their respective Participation Percentages in the Phase, or portions of any Phase if a change in the Participation Percentages of the Parties occurs during any such Phase pursuant to Article 6.12(a) or Article 6.14 hereof, (each such portion in this Article 2.03 and in Article 2.04 being called a "Portion"), the Project and the Products produced in such Phase or Portion and shall be subject to and responsible for the liabilities and obligations of the Project arising in a Phase or Portion in proportion to their respective Participation Percentages in such Phase or Portion, as the case may be.

Article 2.04, Ownership of Overrun Assets:

Notwithstanding the provisions of Article 2.05 hereof, each of the Carrying Parties (as hereinafter defined) responsible for Overrun Expenditures shall have undivided interests in the Assets of, and the Products produced during, that Overrun or Portion, as the case may be, in accordance with the respective percentages of Overrun Expenditures for which such Party is responsible and such Overrun or Portion, as the case may be.

In essence, Mr. Chairman, that really provides that the participating parties shall own the assets in accordance with their percentage expenditures.

Clause 2.05, Obligation to Give Notice of Overrun:

If one of the Participating Parties in Phase B or Phase C or the Operator becomes aware or is made aware that the Net Sum Project Expenditures with respect to that Phase exceed or will in the future exceed, the Close Cost Estimate or the last Revised Close Cost Estimate of such Phase, it shall give notice thereof in writing (hereinafter called "Election Notice"), not more than 180 days nor less than 120

days prior to the estimated commencement date of that Overrun (hereinafter called the "Commencement Date") or immediately if the Commencement Date is less than 120 days from the date thereof, to each other Participating Party and the Operator. The Election Notice shall state the Commencement Date of the Overrun and shall set forth, if available, a revised close cost estimate of the estimated Net Sum Project Expenditures, including those incurred from the commencement of the Phase, required to complete such Phase (herein called the "Revised Close Cost Estimate"). If such Revised Close Cost Estimate is not available, the Operator shall provide the same to the Participating Parties by notice in writing within a reasonable time, and in any event not later than 30 days from the giving of the Election Notice or 120 days prior to the Commencement Date, whichever is later. Notwithstanding the provisions of Article 2.03

Members will recall that that article dealt with ownership of the assets, Mr. Chairman, and we now come to an exception to that provision.

- (a) The responsibility for the Overrun Expenditures of Phase B and Phase C shall be governed by the provisions of Article 2.05 to 2.07 hereof, both inclusive, and
- (b) each of the Participating Parties which is not a Defaulting Party (as defined in Article 6.08 hereof) or being a Defaulting Party has not been a Defaulting Party for a period of 90 consecutive days (a Defaulting Party which has been a Defaulting Party for a period of 90 consecutive days being in this Agreement referred to as "an Ineligible Party"), shall within 60 days of the date of receipt of the Revised Close Cost Estimate or prior to 120 days before the Commencement Date, whichever is the later, advise each other Participating Party hereto and the Operator by notice in writing as to whether or not it wishes to bear responsibility for a portion of the Overrun Expenditures for such Overrun. If more than one Party gives an Election Notice with respect to the same Overrun, only the first given Election Notice shall be an Election Notice for the purposes of this Article 2.05. If a Participating Party fails to give notice of its election as hereinbefore provided, or is an Ineligible Party which is not entitled to give notice of its election pursuant to this Article 2.05, it shall be deemed to have given notice that it elects not to bear responsibility for a portion of the Overrun Expenditures for such Overrun. Provided however that, notwithstanding any foregoing provisions of this Article 2 to the contrary, if Resources or Explorer is entitled to make an election as aforesaid and does elect to bear responsibility for a portion of the Overrun Expenditures for such Overrun, such election shall be deemed to be the election of and binding upon all Participants (other than whichever, if either, of Resources or Explorer does

not so elect) who are Participating Parties in such Phase, whether Ineligible Parties or not.

Members will note, Mr. Chairman, that that's a rather detailed provision determining when one can elect to be a party and the consequences as to costs of their doing or not doing so.

Clause 2.06: One or More Participating Parties Electing

If one or more Participating Parties elect not to or are deemed to have elected not to bear the responsibility for a portion of any Overrun Expenditures (each such Party being herein called a "Carried Party") and one or more Participating Parties have elected or been deemed to have elected otherwise (each such Party being herein called a "Carrying Party") the Carrying Parties shall, except as otherwise provided herein, each to the exclusion of the Carried Parties be responsible for a portion of the Overrun Expenditures equal to the portion which that Carrying Party's Participation Percentage is of the total Participation Percentages of the Carrying Parties or as otherwise agreed to by the Carrying Parties and FURTHER, the Carrying Parties shall, except as otherwise provided herein, each indemnify and save harmless each Carried Party from a portion determined as aforesaid of any payments previously made or subsequently required to be made by such Carried Party with respect to such Overrun Expenditures.

If all Participating Parties elect or are deemed to have elected to be Carrying Parties, the Operator will conduct the Overrun for the benefit of the Carrying Parties in accordance with their respective Participation Percentages.

Article 2.07, Mr. Chairman, No Participating Party Electing is the title:

If no Participating Party hereto elects to be a Carrying Party in accordance with the terms of this Article 2, the Operator shall take such steps as are necessary in order to terminate work on the Phase at the time that the actual Net Sum Project Expenditures of the Phase equal the later of the Close Cost Estimate of such Phase or the Revised Close Cost Estimate with respect to which there are Carrying Parties. If the Net Sum Project Expenditures of the Phase have exceeded or will, prior to completion of the hereinafter mentioned termination if such termination commences immediately, exceed the later of the foregoing, or if any Phase terminates by the passage of time and no further Phase will be undertaken in accordance with the terms of this Agreement, the Operator shall immediately take such steps as are necessary in order to terminate work on the Phase in an orderly and good businessmanlike manner in which event and notwithstanding any provisions of this Article 2 to the contrary, each of the Parties hereto shall be responsible for paying a share of the Project Expenditures incurred prior to or in conjunction with such termination as if the same were incurred immediately prior to the commencement of such Overrun with respect to which there are no Carrying Parties or as if the same were incurred immediately prior to such passage of time, as the case may be.

Mr. Chairman, we now come to an important section

in the contract, which is in the majority of contracts. It's titled Article 3, Representations and Warrantys. Article 3.01 is headed Right of Company to Work Pilot Site:

Resources and Explorer each represents and warrants to each of the other Parties hereto that Resources and Explorer are the Lessee of that certain Oil Sands Lease No. 1 (hereinafter called the "Lease") dated the 29th day of August, A.D. 1961, and for a term of Twenty-One . . . years from the said date, and made between Her Majesty the Queen in right of the Province of Alberta as represented by the Minister of Mines and Minerals of the Province of Alberta as Lessor and Shell Canada Resources Limited and Shell Explorer Limited as Lessee, each as to a Fifty . . . Percent undivided interest in the said Lease, which Lease provides in part as follows:

" . . . Her Majesty hereby grants to the Lessee in so far as the Crown has the right to grant the same the exclusive right to mine, quarry, work, remove, treat and process oil sands and to recover any products therefrom, whether above or below the surface, in the Bullhead Zone as that zone is designated by The Oil and Gas Conservation Board in Zone Designation No. 2122",

and further represents and warrants that the Pilot Site is located in the area demised in the Lease (the above rights as the same relate to the Pilot Site being hereinafter referred to as the "Lease Rights").

Article 3.02 is headed Valid Lease:

The Company represents and warrants to each of the other Parties hereto that it has complied with all terms of the Lease to the extent necessary to maintain the same in force and that it is not aware of any defect of the Lessor under the terms of the Lease and that it is not aware of any defect of the Lessor's title or ability to grant the Lease. The Company further represents and warrants that it has not encumbered the Lease in any manner nor entered into any agreement whereby any person, firm or corporation has acquired or may acquire any interest in the Lease which would affect the right of the Parties to the Pilot Site for the purpose of carrying out the Project.

3.03 Preservation of Lease

The Company covenants and agrees with each of the other Parties hereto that it shall not assign, sublease or encumber the Lease as it relates to the Pilot Site or the Lease Rights and it shall take all such reasonable steps as are necessary not to do or cause to be done any act nor make or cause to be made any omission whereby the Lease as it relates to the Pilot Site or the Lease Rights shall be terminated or forfeited, any of the foregoing in such manner as to affect the right of the Parties for the purposes of carrying out the Project, during the time required to complete the Project in accordance with the terms of this Agreement, and further that it will take all such reasonable steps as are necessary to effect any renewals of the term of the Lease for such period of time. The Company further covenants and agrees with each of the other Parties hereto that other than as provided herein, it will not, nor will it grant to any other person the right to, conduct any activity on the Site that would interfere with the carrying on of the Project during the onsite physical operations of the Project.

And those provisions, along with the ones I'm now coming to, Mr. Chairman, merely ensure the title to the leases and the minerals to be mined therefrom.

Clause 3.04 is headed Title of Lessor:

Other than as specifically stated in the preceding paragraphs of this Article 3, the Company does not warrant title to the Lease or agree to convey to any other Party a better title to the Lease than the Company has on the date of this Agreement and in particular, the Company does not warrant the title of its Lessor.

The lessor in that case, Mr. Chairman, would be the Queen in right of the province of Alberta.

Clause 3.05, the Right to Permit Participating Parties to Enjoy Lease:

The Company represents and warrants to each of the other Parties hereto that as at the Effective Date it possesses all necessary consents to permit, and covenants and agrees with each of the other Parties that it will permit, the Participating Parties from the date hereof to the completion or sooner termination of the Project, at no cost to the Authority and at a reasonable cost to such other Participating Parties, to enjoy the Lease Rights for the carrying out of the Project.

3.06 Surface Rights

The Operator shall acquire in its name for the Project all necessary surface rights, including all necessary easements, letters of authority, rights of way and other licences to permit access to and use of the surface of the Site, for the purposes of carrying out the Project. The Company agrees to make available to the Operator, at cost incurred after the Effective Date all of the foregoing rights of which it is possessed as at the Effective Date, or which it thereafter acquires. The Company agrees with each of the other Parties that it will not dispose of, or otherwise encumber or impair, or unreasonably allow to lapse, such rights for so long as the same are necessary for the Project.

Mr. Chairman, 3.07, Right to Terminate Project is an important clause:

In the event that prior to the 1st day of July, 1978, the Operator has not obtained all necessary permits, consents or other authorizations required from all governmental, municipal or like statutory authorities or boards having jurisdiction therein to forthwith commence and carry on construction of the physical facilities required for the Project, the Authority shall have the right for the next following 60 days to elect to terminate its participation in the Project by notice in writing to the other Parties.

If the Authority elects to terminate its participation in the Project by notice as aforesaid:

- (a) Resources and Explorer may, within sixty . . . days of receipt of the Authority's election, elect by notice in writing of the Authority from each of them to terminate work on the Project in which event:
 - (i) the Company shall immediately repay to the Authority the monies previously received by it in accordance with Articles 6.15(b) and (c) hereof, and the Authority will assign its interest in any Assets purchased with such monies to the Company, and

- (ii) the Assets, purchased with monies other than those in Articles 6.15(b) and (c) shall be disposed of in accordance with Article 13 hereof; and
- (iii) the Operator shall immediately take such steps as are necessary in order to terminate the Project in an orderly and good businessmanlike manner. The costs of said orderly termination of the Project shall be borne as a Project Expenditure; or
- (b) If both of Resource and Explorer do not elect to terminate work as aforesaid the Company shall be deemed to have elected to continue work on the Project, at the Company's sole cost and expense in which event:
 - (i) the Company shall immediately repay to the Authority the monies previously received by the Company in accordance with Articles 6.15(b) and 6.15(c) hereof, and the Authority will assign its interests and any Assets purchased with such monies to the Company; and
 - (ii) the Authority shall immediately sell to the Company its interest in the assets, purchased with monies other than those in Article 6.15(b) and (c), at a cost equal to that paid by the Authority; and
 - (iii) the Authority's liability for ongoing Project costs will terminate effective with the date of receipt by the first of Resources or Explorer of the Authority's written notice to terminate as provided for in this Article 3.07, and the Company shall indemnify and hold harmless the Authority from any payments required to be made hereunder and arising subsequent to the date of receipt by the first of Resources or Explorer of the Authority's aforesaid notice.

3.08 FIRA

The Company represents and warrants to each of the other Parties hereto that it has obtained all consents and authorities required under The Foreign Investment Review Act to permit it to carry out the matters contemplated in this Agreement and the Technology Agreement.

Article 4

COMMITTEES

4.01 Establishing Committees

For the purposes of expediency and to facilitate the conduct of the Project the Participating Parties shall forthwith establish a management committee (herein called the "Management Committee"), which Management Committee shall forthwith establish a technical committee (hereinafter called the "Technical Committee"), each of which Committees shall be responsible for expressing and implementing the wishes of the Parties hereto with respect to all matters within its jurisdiction.

4.02 Management Committee

The Management Committee shall be composed of

one voting representative, and, if appointed, an alternate voting representative of each of the Participating Parties hereto. Each of the Participating Parties shall, within 21 days of becoming a Party to this Agreement, appoint its representative or representatives and if more than one representative is appointed, designate that Party's voting representative and alternate voting representative and give notice thereof in writing to the Operator and all other Participating Parties. Such voting representative or in his absence such alternate voting representative shall be authorized to represent and bind the Party so appointing him with respect to all matters falling within the jurisdiction of the Management Committee. Each of the aforesaid representatives may be accompanied at any meeting by a reasonable number of advisors and consultants. Upon a Party ceasing to be a Participating Party, such Party shall, subject to Article 4.12 hereof, lose its rights under this Article. 4.02 to representation on the Management Committee.

Clause 4.03 deals with a change of representatives on the management committee:

Any of the Participating Parties hereto shall be entitled, from time to time, to change its voting representative, or alternate voting representative on the Management Committee by giving notice thereof in writing to the Operator and all other Participating Parties hereto.

4.04 Duties of Management Committee

The Participating Parties hereto shall supervise and control the Project through the Management Committee, the duties of which shall include, but not be limited to the following:

- (a) Review, and, if appropriate, approve significant modifications to the method of carrying out the Project but not as to vary by virtue of this provision the definition of the Program as set forth herein or modified pursuant to Article 4.16 hereof, nor to vary the outside time parameters of Phases A, B or C as set out in Articles 1.20, 1.22, or 1.24 respectively hereof.
- (b) Take such action with respect to an annual forecast as permitted in Article 6.02 hereof and review and, if appropriate, approve the general [accounting] program for the year to which that forecast relates;
- (c) Monitor Project Expenditures.

As I recall, Mr. Chairman, a question about the expenditures was raised by the hon. Member for Spirit River-Fairview. He will note, when he reviews the transcript of *Hansard*, that that is the responsibility of the management committee.

- (d) Determine and approve the carrying out of research and investigations in addition to that comprising the Program but related to the Project;
- (e) Establish, direct, and receive reports from any sub-committee which it deems necessary and advisable to constitute;
- (f) When it so desires, designate a representative in lieu of the Operator to appear before any court or regulatory body considering matters pertaining to the Project but not so as to prevent any

- Party from having its own representative appear in its own behalf;
- (g) Determine policy matters which may arise from time to time in respect of operations hereunder.

Clause 4.05 deals with the meetings of the management committees.

The Management Committees shall meet upon not less than Fifteen . . . days' notice in writing from the Chairman of the Management Committee who shall call such meeting for the date requested by any one or more of the Parties hereto having the right to cast at least 12 1/2 votes at such meeting, or by the Operator, which notice shall be given to the Operator, and each Party represented in such Management Committee and shall state with reasonable detail the nature of the business to be considered at such meeting and the place, date and time at which the meeting is to be held.

Provided however, that the management committee may meet on shorter notice if the voting representative or alternate voting representative of each of the Parties represented thereon is present, or if not present, has signified consent in writing to that meeting being held and the business specified in the consent being transacted.

Provided always, that if the Chairman does not call such meeting within Four . . . days of the proper request therefor, the Party or Parties or Operator requesting such meeting may give notice thereof on behalf of such Chairman.

No action may be taken or approved at a meeting with respect to business or items not specified in the notice calling such meeting or the consents permitting such meeting without the consent of all Parties represented on such Management Committee. A Party represented on the Management Committee whose representatives are not attending a meeting may vote on any matter on the agenda by prior written notice to the Chairman of the Management Committee.

4.06 Mail Poll Procedure

The Operator shall upon its own initiative or upon the request of a Party or Parties entitled to call a meeting pursuant to Article 4.05 hereof submit for vote by mail poll any matter with reasonable detail thereof to each Participating Party by notice in writing. Each Participating Party entitled to vote shall cast its votes thereon in writing to the Operator within Fifteen . . . days from the date of receipt of such notice.

Notwithstanding Article 4.07 hereof, no vote taken pursuant to this Article 4.06 shall be valid or binding:

- (a) unless the number of votes cast in favour of or the number of votes cast against the matter exceeds 50% of the votes eligible to be cast at the date of receipt of the notice first referred to in this Article 4.06;

Mr. Chairman, I was just waiting to see whether the hon. Member for Spirit River-Fairview was following this, because it does deal with the question he asked regarding the system of controlling the costs of the project, and I didn't want to interrupt his conversation. [interjections] Well, we will get to the other questions the hon. member raised, Mr. Chairman.

MR. NOTLEY: It's certainly an exhausting reply.

MR. LEITCH:

Notwithstanding Article 4.07 hereof, no vote taken pursuant to this Article 4.06 shall be valid or binding:

- (a) unless the number of votes cast in favour of or the number of votes cast against the matter exceeds 50% of the votes eligible to be cast at the date of receipt of the notice first referred to in this Article 4.06; or
- (b) if the Chairman of the Management Committee is requested within Five . . . days of the date of receipt of the notice first referred to in this Article 4.06 by the Operator or any Party or Parties permitted to call a meeting pursuant to Article 4.05 hereof to call a meeting to discuss the matter.

The Operator shall promptly notify each Participating Party of the result of a vote pursuant to this Article 4.06.

Article 4.07 is entitled Majority Decisions of Management Committee:

Except as otherwise specifically provided herein, the Management Committee shall determine all matters within its jurisdiction by the majority of votes cast on such matters at any duly convened and constituted meeting thereof.

4.08 Voting on Management Committee

Except as otherwise specifically provided herein, each of the Participating Parties represented on the Management Committee shall be entitled to a number of votes, including fractions thereof equal to the numerical portion of its Participation Percentage if no Overrun exists, or, if an Overrun exists, each Carrying Party shall be entitled to a number of votes equal to the numerical portion of the percentage its Participation Percentage is of the total Participation Percentages of all Carrying Parties in such Overrun and each Carried Party shall not be entitled to vote.

MR. R. SPEAKER: Mr. Chairman, not to interrupt the minister, but just for clarification in that section, because it relates to the section the minister talked about with regard to article 2.03 and 2.05 as well. In there it talks about the . . .

MR. CHAIRMAN: Would the hon. Leader of the Opposition be speaking on a point of order?

MR. R. SPEAKER: I guess a matter of clarification now, Mr. Chairman. If the hon. minister would prefer to go to the end of the explanation of the question, I'd accept that. It was only that this section as interpreted relates to the responsibility of the various parties of the agreement in terms of accepting responsibility for overrun. I was going to relate that question to article 2.03 and 2.05 as well, which relates to overrun and the responsibility of the sharing partners. But, Mr. Chairman, I would allow the minister to complete the answer and then may we come back to the item, because there could be other sections of this tri-party agreement that relate to sharing the responsibility of overrun. In your role, possibly that would be the procedure you prefer.

MR. CHAIRMAN: Well, as I recall, a number of questions have been asked, and the minister is attempting to answer those questions. Unless there would be a particular point of order to be raised at this time, I think the minister should have the opportunity to complete his answers.

MR. R. SPEAKER: Mr. Chairman, I'll accede to your request and allow the minister to complete the answer. But I would like to relate — I wasn't sure of the section the minister was on in terms of the article. It was article 4 point something, I understand.

MR. LEITCH: 4.08.

MR. R. SPEAKER: Right. Mr. Chairman, I'll return to that later.

MR. LEITCH: Mr. Chairman, I hope the hon. Leader of the Opposition won't need to do that, because I intended to review this contract and some others, and then some of the reports that were referred to in the earlier decision. Then I was going to go to a sort of layman's explanation of the terms of the contract and those reports. When I do that, I think we may include the question of the hon. Leader of the Opposition. If I don't, he's certainly welcome to ask it later on.

MR. CRAWFORD: They're just thirsting for knowledge.

MR. NOTLEY: Carry on, Merv.

MR. LEITCH: We'll be able to come back to it.

Mr. Chairman, section 4.09 is headed Minutes of Meeting of Committees:

The Chairman of the Management Committee and the Chairman of each of the committees established by it shall keep minutes of each of its meetings and a copy thereof shall be forwarded within Fifteen . . . days of the date of any meeting to each of the Participating Parties at the time of the meeting to which the minutes relate. The minutes shall include the names of the representatives present, the Parties they represent and any items discussed and formal action approved or taken at such meeting. Minutes shall be deemed to be correct as distributed unless written notice of errors or omissions is received by the Chairman distributing the same within Forty-Five . . . days of the date of receipt of the same.

4.10 Place of Management Committee Meetings

All meetings of the Management Committee shall be held in the Province of Alberta or where otherwise unanimously agreed by the Participating Parties.

4.11 Requirement to Transact Business at Management Meeting

Notwithstanding anything herein otherwise expressed or implied, no business shall be transacted at any meeting of the Management Committee unless a quorum consisting of a representative or representatives of a Party or Parties entitled to cast Fifty . . . Percent or more of the votes thereon is/are present or has/have cast a vote on such business by notice to the Chairman of the Management Committee in accordance with Article 4.05 hereof.

4.12 Chairman of Management Committee

A representative of the Operator, as designated by

the Operator from time to time in writing to all other Parties hereto, shall be the Chairman of the Management Committee, provided however, that any time the Operator is a Participating Party, the Chairman so designated by the Operator shall be one of the two representatives permitted the Operator as a Participating Party pursuant to Article 4.02 hereof, and provided . . . that such representative's designation as Chairman shall not preclude him from casting any votes on behalf of a Participating Party which he would otherwise be permitted to cast. The Chairman shall not be entitled to an extra or casting vote.

4.13 Procedure of Meeting of Management Committee

The Management Committee shall determine the procedure to be followed at its meetings including the manner of appointing an Acting Chairman at any meeting in the absence of the Chairman, provided that such procedure shall not contravene the provisions contained in this Article 4.

We're now dealing, Mr. Chairman, with the Technical Committee:

4.4 Technical Committee

Each of the Participating Parties, within 21 days of becoming a Party to this Agreement, shall be entitled to appoint up to two representatives to the Technical Committee and shall notify the Chairman of the Management Committee thereof in writing. A representative of the Operator, as designated by the Operator, shall act as Chairman of the Technical Committee. The aforesaid representatives may be accompanied at any meeting by a reasonable number of advisors and consultants. Upon a Party ceasing to be a Participating Party, such Party shall lose its rights under this Article 4.14 to representation on the Technical Committee.

The Technical Committee shall, unless otherwise directed by the Management Committee, be charged with the responsibility and obligation to:

- (a) Formulate suggested modifications to the detailed research and field pilot program as required;
- (b) Monitor the technical aspects of the project;
- (c) Conduct such other duties as the Management Committee shall from time to time assign.

4.15 Reporting of Technical Committee

The Technical Committee shall report on all matters within its jurisdiction to the Management Committee from time to time as necessary or as instructed by the Management Committee.

4.16 Changes to the Program

Notwithstanding anything herein otherwise contained the Program may be altered or terminated by the affirmative vote of the Participating Parties having Sixty-Two and one-half . . . Percent of the Participation Percentages at such time, provided that if both Resources and Explorer are Participating Parties at the time, not more than one of Resources and Explorer vote negatively and provided further that if only one of Resources and Explorer is a Participating Party at the time, it does not vote negatively. Such vote must be obtained at a meeting conducted in accordance with the Management Committee procedure, at which the Participating Parties are entitled to cast votes equal to their Participation Percentages

notwithstanding that an Overrun may exist. No alteration of the Program shall be capable of changing the outside termination dates of each Phase as set forth in Articles 1.20, 1.22 and 1.24.

4.17 Vote Binding

A determination of a matter which is stated herein to be capable of decision by the voting of any Parties when so determined by voting in accordance with the provisions of this Agreement shall be binding upon all Parties.

Article 5

PROJECT TIME TABLE

5.01 Each Participating Party shall use all such efforts as are reasonable in the circumstances that exist at the time to cause the Project to proceed substantially in accordance with the time table and within the expenditure forecast attached hereto as Schedule D, as amended from time to time.

Article 6

PAYMENT

6.01 Operator to Pay Initially

Except as otherwise specifically provided herein, the Operator initially shall pay and discharge all Project Expenditures on behalf of the Participating Parties. The Operator shall be reimbursed for the Project Expenditures in the manner set forth in this Agreement.

6.02 Preparation and Approval of 12 Month Forecast

As soon as possible and no later than 30 days following the Effective Date, the Operator shall prepare and submit to the Management Committee a forecast of the estimated Project Expenditures and estimated credits for the period commencing on the Effective Date and ending on December 31, 1977 and at least 60 days before the last day of that period and each succeeding 12 month period shall submit to the Management Committee a forecast of the estimated Project Expenditures and estimated credits for the succeeding 12 month period (each such period being hereinafter called "an Operating Year"). The forecasts shall set forth the proposed expenditure? by quarterly periods, showing the capital items separately. The Management Committee, may approve a forecast or any portion thereof or it may conditionally approve any proposed expenditure or it may instruct the Operator to revise a forecast or any portion thereof (an approved forecast being hereinafter called an "Annual Project Budget"). A copy of each forecast and revised forecast shall be furnished to each of the Participating Parties by the Operator at the time that such forecast is furnished to the Management Committee. Approval of a forecast shall constitute an approval of all expenditures set forth therein save and except for expenditures on a single capital undertaking or a single expenditure for an operating cost, which operating cost was not included in the applicable Annual Project Budget, in excess of \$50,000 which must be dealt with in accordance with the procedure set forth in Article 6.03 hereof.

6.03 Approvals for Expenditures in Excess of \$50,000.00

Except as provided in Article 6.04(c), prior to the Operator charging as a Project Expenditure an expenditure on a single capital undertaking or a single expenditure for an operating cost, which operating cost was not included in the applicable Annual Proj-

ect Budget, in excess of \$50,000, the Operator shall:

- (a) advise each Participating Party in that Phase and any other Party which in accordance with Article 17.04 will be required to pay a portion of such Project Expenditure, (which Parties will hereinafter be called the "Notice Parties") of the intended charging and indicate whether the same was forecast in the Annual Project Budget, and concurrent therewith
- (b) deliver to each . . . Party by registered mail or personal delivery an approval for expenditure form (hereinafter called the "AFE") related to the intended charging.

Each notice Party shall within Fifteen . . . days of receipt of the aforesaid notice, return to the Operator the AFE with its approval or disapproval of the intended charging set forth therein. A Notice Party not having returned its AFE within fifteen . . . days as set out herein shall be deemed to have returned it with its approval. The proposed charging, unless permitted in accordance with Article 7.07 because of deadlock related thereto, shall not be permitted prior to the Operator receiving or being deemed to have received AFE's from the Notice Parties indicating that a Party or Parties which will reimburse the Operator for over Fifty . . . percent of the cost thereof have approved the proposed charging. The Annual Project Budget shall be automatically increased to include the amount of any expenditures approved pursuant to this Article 6.03 which were not previously included in such Annual Project Budget. An approval of an AFE in accordance with the provisions of this Article 6.03 shall be binding on all Parties with respect thereto.

6.04 Preparation of Monthly Forecast

On or before the 15th day of each month during the term of the Project, the Operator shall prepare a monthly forecast of the estimated Project Expenditures for the next following month, which forecast (herein after called the "Monthly Forecast") shall:

- (i) take into account [all] deficiencies remaining owing to or excesses received by the Operator in the previous month, excluding non-payment by a Party in contravention of an obligation hereunder; and
- (ii) take into account any monies received by the Operator for credit against expenses of a Party;

and the Operator shall provide a copy of the Monthly Forecast to each of the Participating Parties and to any other Party required to make a contribution for such Project Expenditures pursuant to Article 17 hereof.

Provided however, that if the Operator becomes aware that the total amount of the Monthly Forecasts for any of the four quarters of any operating year varies, or will vary, significantly from the total amount therefore as set forth in the Annual Project Budget, the Operator shall give notice and particulars thereof to all Participating Parties and provided further that the Operator may only make or incur expenditures:

- (a) approved in accordance with Articles

- 6.02 or 6.03 hereof; or
- (b) permitted in accordance with Articles 7.07, 7.08 and 17.02 hereof; or
- (c) which the Operator deems necessary in emergencies to protect lives or property provided that upon making such expenditure it shall immediately advise each Participating Party thereof.

6.05 Payment of Contribution

Upon receipt of the Monthly Forecast, each Party responsible for making a contribution therefor shall pay to the Operator the amount of the Monthly Forecast for which it is responsible, it being understood and agreed that, except as otherwise expressly provided herein, each Party shall be responsible for a monthly contribution equal to the Monthly Forecast multiplied by such Party's Participation Percentage. Each Party shall make its monthly contribution within Thirty . . . days of the date of receipt of the Monthly Forecast or by the 15th day of the month for which the forecast was prepared, whichever is the later.

6.06 Operator to Provide Monthly Reconciliation

On or before the last day of each month the Operator will provide a reconciliation statement for the Project Expenditures for the preceding calendar month to each of the Parties responsible for paying a portion of the Project Expenditures for such month. Such reconciliation statement shall meet the requirements of Clause 2.02 of the Accounting Procedure.

6.07 Operator's Election in Payment

The Parties agree that in lieu of the advanced payment of Project Expenditures set forth above, the Operator may elect prior to the commencement of each Operating Year by notice in writing to all Participating Parties and to any other Party required to make a contribution to such Project Expenditures pursuant to Article 17 hereof, to recover Project Expenditures from each such Party by billing such Party on or before the last day of each month for such Party's share of Project Expenditures incurred during the preceding calendar month. If the Operator so elects, each of such Parties shall pay to the Operator such Party's share of the Project Expenditures for the preceding month within Thirty . . . days of receipt of the bill from the Operator. Any bill presented by the Operator in accordance with this Article 6.07 shall meet the requirements for a reconciliation statement as set forth in Clause 2.02 of the Accounting Procedure.

6.08 Failure to Pay Contribution

All amounts required to be paid pursuant to the terms of this Agreement to the Operator for which other payment provisions are not provided are payable within 30 days of receipt by the Party required to make such payments of an invoice therefor indicating that such amount has been incurred by the Operator.

If a Party fails to make a payment to the Operator when due pursuant to the provisions of this Agreement (such Party being in this Agreement called a "Defaulting Party" and such amount being in this Agreement called an "Unpaid Amount"), the Operator shall within 35 days from such due date give such Defaulting Party a notice of non-payment. The Unpaid Amount shall, at the Operator's discretion, bear interest at a rate equal to the prime lending rate in

effect from time to time in the principal chartered bank in Canada used by the Operator plus 2% per annum computed from the date when such payment was due until the same is paid and such interest shall be for the Operator's sole account.

In addition to the right to require a payment of interest as aforesaid, the Operator shall, except as provided in Article 6.10(a)(ii) hereof, be entitled to set off against any amounts unpaid when due all funds received by the Operator which would otherwise be payable to the Party that failed to make the required payment.

6.09 Operator to Give Notice of a Failure to Pay

If the Operator has not received full payment from any Defaulting Party for an Unpaid Amount within 90 days following the date when such payment was due, the Operator shall immediately give written notice thereof (hereinafter called "Default Notice") to such Defaulting Party and to all other Participating Parties, and:

- (a) If there are in the Phase to which the Unpaid Amount relates Participants which are Participating Parties but are not Defaulting Parties (hereinafter called the "Paying Parties"), the Operator may by notice in writing to each of the Paying Parties elect to require each of the Paying Parties to pay, and each such Paying Party shall pay, to the Operator a fraction (the "Fraction") of the Unpaid Amount, excluding interest thereon, within 30 days of receipt of such notice of election of the Operator, each of which Fractions shall have:

- (i) as its numerator — the Participation Percentage of the Paying Party in the Phase to which the Unpaid Amount relates,
- (ii) as its denominator — the aggregate Participation Percentages of all Paying Parties in the Phase to which the Unpaid Amount relates

and thereupon each Paying Party, without limiting its other rights at law, shall be proportionately subrogated to the Operator's rights and remedies and lien contained in Article 6.10 hereof and to the right to collect interest and the right to set-off referred to in Article 6.08 hereof to the extent of the unrecovered portion of the Fraction it has paid, and all interest and damages which may thereafter accrue to it as provided in this Article 6, or

- (b) if there are in the Phase to which the Unpaid Amount relates no Participants which are Participating Parties and not Defaulting Parties and the Authority is a Participating Party and not a Defaulting Party in such Phase, the Operator may, by notice in writing to the Authority, elect to require the Authority to pay, and the Authority shall pay, to the Operator, the Unpaid Amount excluding interest thereon within 60 days of receipt of the notice of election of the Operator, and thereupon the Authority, without limiting its other rights at law, shall be proportionately subrogated to

the Operator's rights and remedies and lien contained in Article 6.10 hereof and to the right to collect interest and the right of set-off referred to in Article 6.08 hereof to the extent of the Authority's unrecovered portion of its contributions made as aforesaid, and all interest and damages which may thereafter accrue to it as provided in this Article 6.

Provided however, that if the Operator is a Participating Party in the Phase to which an Unpaid Amount relates and does not elect to require the Paying Parties to pay such amount within 91 days of the expiration of the 90 day period referred to in this Article 6.09 or if the Operator is not a Participating Party in the Phase to which an Unpaid Amount relates and does not elect to require the Paying Parties or the Authority to pay an Unpaid Amount within 30 days of the expiration of the 90 day period referred to in this Article 6.09, the Operator shall lose all rights to make such election with respect to such Unpaid Amount.

Any non-payment by a Defaulting Party hereto shall not relieve the other Parties of the obligations and duties among themselves, except to the extent in this Agreement provided.

Provided always that any amounts paid by a Party on behalf of a Defaulting Party pursuant to this Article 6.09 shall not, unless specifically stated otherwise, be used in calculating fractions or portions elsewhere in this Agreement based on the amount of Project Expenditures such Party was required to pay during any period.

Clause 6.10 is entitled Operator's Lien:

The Operator shall have a lien on the interest of each Party in the Assets to secure payment of any Unpaid Amount and interest and damages related thereto as herein provided. With respect to any such amounts and without limiting the Operator's other rights at law:

- (a) the Operator may, if the default continues for 30 days after the Operator has notified the Defaulting Party of its default pursuant to Article 6.08 hereof and for so long as such Party remains a Defaulting Party:
 - (i) elect, by notice in writing to all Parties, including the Defaulting Party, to require the Operator on behalf of all lienholders to take possession of all or any part of the interest of the Defaulting Party in the Assets and in accordance with the terms and conditions of this Agreement relating to the time and method of disposal of Assets, sell and dispose of any Assets of which it has so taken possession. The giving of notice to the Defaulting Party in accordance with this Article 6.10(a) shall operate as an immediate and automatic assignment of the Defaulting Party's interest in the Assets to the Operator on behalf of all lienholders for the purpose of making any sale and executing such deeds and agreements in the name of the Defaulting Party

as may be necessary to carry out the same. Any sale made as aforesaid shall be a perpetual bar both at law and in equity against the Defaulting Party and its assigns against all other persons claiming the Assets sold as aforesaid, by, from, through or under the Defaulting Party or its assigns; and

- (ii) elect by notice in writing to all Parties, including the Defaulting Party, to require the Operator on behalf of all lienholders to collect and receive without regard by any Party to the right of set-off contained in Article 6.08 hereof:
 - A. the proceeds of the sale of any Products,
 - B. the proceeds of sale or other use of Assets,
 - C. the proceeds receivable pursuant to the Technology Agreement, and
 - D. any other proceeds or amounts recoverable pursuant to this Agreement, which would otherwise be receivable by the Defaulting Party pursuant to this Agreement or the Technology Agreement, and following the giving of notice to the Defaulting Party as provided in this Article 6.10(a)(ii) service of a counterpart of this Agreement, or any other agreement by which such Defaulting Party agreed to be bound as a Party to this Agreement, which has been executed by or on behalf of a Defaulting Party, or a true copy thereof, upon any party, shall constitute written authorization by the Defaulting Party for such party to pay said proceeds to the Operator on behalf of all lienholders during the period of default. The Operator shall in accordance with the following priorities, in lieu of paying to the Defaulting Party any portion of monies collected as aforesaid to which the Defaulting Party [may] be entitled:
 - E. pay to each Party a portion of such funds equal to a portion of the amount, then owed to each such Party by the Defaulting Party for Unpaid Amounts, interest and damages, pursuant to Article 6.13 hereof, is of the total Unpaid Amounts, interest and damages owed to all such Parties, to the full extent of such Unpaid Amounts, interest and damages;
 - F. pay the balance, if any, to the Defaulting Party; and all sums so applied shall be considered as received from the Defaulting Party,
- (b) The Operator may, after receipt of the

Default Notice by the Defaulting Party and for so long as such Party remains a Defaulting Party with respect to any such amounts, by notice in writing to the Defaulting Party and all other Parties elect;

- (i) to withhold from such Defaulting Party any further information to which the confidentiality provisions of the Technology Agreement apply and any further privileges with respect to the Project, in which event the other Parties shall also withhold from such Defaulting Party such further information and privileges with respect to the Project; and, in addition to, or in lieu thereof. . .

Mr. Chairman, there was a question relating to the availability of confidential information. Members will note that the clause I just read provides that if one of the parties is in default, it is no longer entitled, under the terms of the agreement, to receive any confidential information either from the operator or from the other parties to the agreement.

- (ii) to treat the receipt of Default Notice by the Defaulting Party as the delivery by the Defaulting Party of a proxy in favour of such of the Paying Parties, the Authority, and the Operator, as are Participating Parties in the Phase to which the Unpaid Amount relates, permitting each such Party to cast a portion of the votes, on all matters or committees such Defaulting Party would be entitled to cast if it were not a Defaulting Party, each of which portions shall be determined as follows: A/B

Where A T

Amount paid or borne by such Party on behalf of the Defaulting Party pursuant to Article 6.09 (excluding interest and damages relating thereto) whether or not repaid by the Defaulting Party,

and

B T

Amount paid or borne by all Parties on behalf of the Defaulting Party pursuant to Article 6.09 (excluding interest and damages related thereto) whether or not repaid by the Defaulting Party.

- (c) The rates granted in this Article shall not be construed as exclusive remedies but shall be in addition to all rights, privileges and remedies afforded by other provisions of this Agreement and by law. Books and records kept by the Operator with respect to operations hereunder shall constitute conclusive proof of any default, subject however, to all rights of inspection, verification and audit provided for in this Agreement.
- (d) Notwithstanding the provisions of Arti-

cle 6.09 or the preceding provisions of Article 6.10 hereof, no Participant nor the Operator may elect to enforce any of the specific remedies granted in this Article 6.10 without the concurrence in writing of the Parties having the majority financial interest pursuant to the lien at such time, provided however, that if the Authority is proportionately subrogated to the rights of the Operator set forth in this Article 6.10, the Authority shall be entitled to make any election on its own which election shall thereupon be deemed to be the election of all Parties with respect to the same.

6.11 Restoration

If a Defaulting Party within 90 days of its receipt of Default Notice pays all arrears of money due from it hereunder (including interest in accordance with Article 6.08) the Defaulting Party thereupon shall, subject to the acquisition by the Authority of such Defaulting Party's interest pursuant to Article 6.12 hereof, be restored to the normal status of a Participating Party.

6.12 Further Rights

If, and each time, pursuant to Article 6.09(b) hereof, the Authority pays an Unpaid Amount on behalf of a Defaulting Party, the Authority shall have the right without limiting its other rights at law to:

- (a) elect to treat any such payment as an acceptance of an offer made by the Defaulting Party to sell to the Authority the Defaulting Party's entire interest in the Project, this Agreement and the Technology Agreement. Such election shall be made within 5 days prior to or following the making of such payment by a notice of acceptance in writing (hereinafter called the "Acceptance Notice") a copy of which shall be forwarded by the Authority to the Defaulting Party and a copy to the Operator. The consideration payable by the Authority to the Defaulting Party shall be the assumption by the Authority of the financial obligations of the Defaulting Party arising pursuant to this Agreement from the date of receipt of the Acceptance Notice by the Defaulting Party and the Defaulting Party shall to that extent be relieved from its obligations herein and in the Technology Agreement. From the date of receipt of the Acceptance Notice by the Defaulting Party, the Authority shall be the owner of the interest of the Defaulting Party as aforesaid and the Authority's Participation Percentage shall be adjusted accordingly. Such purchase shall not, however, relieve the Defaulting Party of its obligations to pay to the Operator all Unpaid Amounts and interest due it from the Defaulting Party or relieve the Defaulting Party from its obligations to repay to the Authority the monies paid by the Authority to the Operator pursuant to Article 6.09(b) hereof with in-

terest thereon as hereinbefore provided. The Authority shall acquire the interest purchased by it free and clear of any liens, charges or encumbrances including any lien of the Operator or any other Party hereto; or

- (b) elect to terminate the Project by notice in writing to all Parties and the Operator, which notice shall be given within 5 days prior to or following the making of such payment.

6.13 Damages

Subject to the provisions of Article 6.12 hereof, any Defaulting Party which does not comply with the provisions of Article 6.11 hereof shall not after the expiration of time limited therein be entitled to restoration to the normal status of a Participating Party hereto but shall continue to be a Defaulting Party until such time as it has paid to the Operator, the Paying Parties and the Authority, as the case may be, all then Unpaid Amounts and interest unrecovered from such Party and required to be paid by it as well as a further amount equal to five hundred percent . . . of the total Unpaid Amounts paid on that Party's behalf including interest which further amount represents a genuine pre-estimate of the damages which will be suffered by the Parties making payments on behalf of the Defaulting Party in view of the inherent nature of a research project.

Nothing in this Article 6.13 shall be interpreted as relieving a Defaulting Party of its further or any obligations under this Agreement or as limiting a Party's rights or remedies against a Defaulting Party prior to its restoration as herein provided and to the extent it may be so interpreted it shall be of no force and effect.

6.14 Bankruptcy or Insolvency

If any Party hereto dissolves, liquidates or terminates its corporate existence or becomes bankrupt and as a result thereof is released from the performance of its further obligations hereunder by operation of law or a court of competent jurisdiction (such Party in this Article 6.14 being called the "Released Party") each of the remaining Parties which would immediately prior to such release be required to make payments on behalf of the Released Party pursuant to Article 6.09 if requested by the Operator and if the Released Party were a Defaulting Party shall, from the date of such release in addition to any other rights it may have at law or under this Agreement, be deemed to have increased its Participation Percentage by an amount equal to the percentage of the Released Party's obligations it would have been required to pay pursuant to Article 6.09 multiplied by the Participation Percentage of the Released Party immediately prior to such release and the Released Party shall cease to have any Participation Percentage or be a Participating Party with respect to matters arising or interests acquired after the date of such release.

6.15 Payment by Authority of Certain Costs

The Authority covenants and agrees that at the time of making the first payment required by it to the Operator pursuant to Article 6.05 it shall pay to the Company:

- (a) an amount equal to Fifty . . . percent of the expenditures, costs and charges made or incurred between the 1st day of

July, 1976 and the Effective Date with respect to the Project and approved by the Authority; and

- (b) the sum of \$644,697.67, being Fifty . . . [percent] of the cost of applicable design work completed prior to July 1, 1976; and
- (c) the sum of \$251,502.00, being Fifty . . . Percent of the cost of all necessary surface facilities and well equipment in place prior to July 1, 1976. (It is understood that should the Management Committee approve the cost of any surface facilities or well equipment in addition to those included in clause (c) herein, the cost thereof being currently included in the Company's cost of generating Prior Technology as defined in the Technology Agreement shall be deemed to be a Project Expenditure immediately upon the Authority paying Fifty . . . percent of such cost to the Company, and thereupon the cost of the Prior Technology is reduced accordingly).

6.16 Deemed Expenses

The monies expended by the Authority pursuant to Article 6.15 hereof and the Company's previous deemed equal expenditure of monies shall be deemed to be Project Expenditures arising during the course of Phase A and the Company's records and books of account related to clause (a) of Article 6.15 hereof shall be available for inspection as provided for records and books of account of Project Expenditures.

6.17 Deemed Phase A Assets

All property whatsoever and of any nature or kind or interest therein, the costs for which the Company is receiving reimbursement pursuant to Article 6.15 hereof, which would be Assets if acquired subsequent to the Effective Date hereof, shall be Phase A Assets for the purpose of this Agreement.

Article 7, Mr. Chairman; deals with the operator of the project:

7.01 Appointment of Operator

Subject to Article 7.03 and Article 12.14 hereof, the Parties hereby designate Resources as Operator and Resources hereby accepts the appointment as Operator from the Effective Date to and until the completion or sooner termination of the duties of the Operator hereunder.

7.02 Duties of Operator

Subject to this Agreement and to the directions of the Management Committee, the Operator shall conduct the Project and without limiting the generality of the foregoing, the Operator shall:

- (a) make all the necessary reports relating to the Project to the appropriate governmental agencies; other than the Authority whose rights are set out herein;
- (b) maintain in Alberta in a manner reasonably satisfactory to the Management Committee financial records including books of account and supporting records and documents to account for all costs and expenses, advances, shipments and all other transactions pertaining to the Project and to maintain such accounting, financial and quantitative

reporting systems as the Management Committee may reasonably require and at the direction of the Management Committee, make available to the Parties all such data and information pertaining to the Project, provided however, the Authority may require the Operator to maintain such records as it directs and such accounting, financial and quantitative reporting required by the Authority over and above that generated by the Operator's standard reporting system or reasonably requested by the Management Committee...

Members will note, Mr. Chairman, that AOSTRA as the authority has, under that clause, the capacity to require the operator to keep additional records and accounting, financial, and quantitative reporting as AOSTRA might require for its purposes. Such additional accounting, quite properly, would be the authority's sole cost and expense.

- (c) keep in Alberta true and correct records (not being those records referred to in Article 7.02(b) hereof) of all Project operations including such records required by the Management Committee and furnish to each Party such reports, and make available copies of records, data and information of the operations of the Project as the Management Committee may direct and consult with the Management Committee and keep the Participating Parties advised of all significant matters rising in connection with the Project;
- (d) consult with the Technical Committee from time to time regarding matters arising in connection with the Project which are of interest to it;
- (e) conduct the Project in a good, safe and workmanlike manner, in accordance with all applicable laws;
- (f) pay or cause to be paid as and when the same become due and payable, all claims for wages and for services rendered or performed and for materials supplied on, to or in respect of the Project or any work, works or operations thereon and keep the Site and the Assets free from all liens and encumbrances resulting from operations of the Project except liens being contested in good faith and not impairing or endangering the operation of the Project;
- (g) obtain and maintain for the benefit of the Parties, as named insureds, and with an insurance company licensed to do business in the Province of Alberta, insurance in such amounts and of such types as set forth in Schedule "C" hereof and provide certified copies of all such insurance policies and certified copies of all renewals or endorsements thereto to each Party;
- (h) ensure that contractors carry public liability and property damage insurance with a reputable insurance company or companies, licensed in Alberta, in amounts and coverages deemed to be adequate in accordance with good oil-field practice for the nature of the work to be performed;
- (i) pay all taxes and royalties applicable to the Site, the Assets, and the Products (excluding the income taxes of the Parties hereto);
- (j) retain all books of account, memoranda, records, related information and data, including EDP (electronic data processing) machine processable files, contracts and agreements relating to the Project including the records referred to in Article 7.02(b) and (c) hereof within the Province of Alberta for such periods of time as required by various governmental regulatory bodies or as required to fulfil the intent of this Agreement. Prior to the destruction or removal of such records or documents, containing information to which the Authority is entitled, Operator shall give the Authority reasonable written notice of the intended action to permit the Authority to make copies of such records and documents;
- (k) make, for and on behalf of all Participating Parties, application for any and all approvals, permits, licences or orders of governmental bodies or duly constituted authorities having jurisdiction, which are necessary or convenient for the purpose of this Agreement and operations hereunder;
- (l) include as many Alberta suppliers as is reasonably feasible on any bid list for services, materials and equipment and let contracts for services, materials and equipment on a competitive basis as to, inter alia, technical acceptance, quality, price and date of delivery, provided that Albertan, or failing which, Canadian, labour, parts, materials, equipment, contractors and sub-contractors, suppliers and services shall be used in all aspects of the Project to the fullest extent to which the same are available on a reasonably competitive basis as to, inter alia, technical acceptance, quality, price and date of delivery.

Mr. Chairman, members will be interested in that clause, which provides that the supplies and services, if they can be done on a competitive basis, are to be provided by Albertans or Canadians.

In the event that such Albertan services, materials and equipment are not used, the Operator shall provide a written report thereof to each participating Party, giving reasons for the procurement elsewhere, of single items whose cost exceeds ten thousand . . . dollars; such report to be provided semi-annually. In addition, the Operator shall provide to the Authority copies of the bid lists for single items the cost of which is expected to exceed fifty thousand . . . dollars prior to bids being in-

vited or at the time the list is approved by the Operator, whichever is sooner and the Operator shall make a reasonable effort to advise the Authority of the Operator's choice of any successful bidder before awarding any contract to any such successful bidder.

7.03 Removal of Operator

The Operator shall cease to hold its office as such, and the Management Committee shall by majority vote appoint a successor to take office forthwith, if:

- (a) Operator becomes bankrupt or insolvent or makes an assignment for the benefit of creditors; or
- (b) Operator dissolves, liquidates or terminates its corporate existence; or
- (c) So determined by resolution of the Management Committee excluding the Operator, as a result of the Operator having defaulted in the performance of any term or condition of its appointment, and thereafter having failed to commence to remedy such default and vigorously carry out such remedying after commencement thereof within Thirty . . . days after receipt of written notice of such default from a Participating Party;

Notwithstanding the foregoing provisions of this Article 7.03 or the provisions of Article 4.08 if a successor Operator is required to be appointed during an Overrun in Phase B, the Parties on the Management Committee shall vote for such successor Operator as though an Overrun did not exist.

Provided always that, a retiring Operator entitled to vote in the Management Committee as a Participating Party shall not be entitled to cast votes in favour of itself as the successor Operator and provided further that where that retiring Operator holds Fifty . . . per-cent Participation Percentage, it shall not be entitled to cast votes with respect to the appointment of a replacement Operator.

The Management Committee composed of the Participating Parties in Phase C shall appoint a successor Operator to hold office for Phase C if the appointment of the Operator is terminated with respect to Phase C pursuant to Article 12.14.

7.04 Transfer of Assets on Removal of Operator

Upon the effective date of the termination of the appointment of the Operator, such departing Operator shall surrender custody of and deliver to its successor as appointed hereunder, or if no successor has been designated, to the nominee of the Management Committee all Assets, control and possession of the Site and facilities constructed thereon, the Products on hand, all documents, books, records and accounts, agreements and other papers relating to the Project or its performance as Operator together with all funds held by it in its capacity as Operator. The Operator shall transfer to its successor or other party designated by the Management Committee any Assets held by it in its name in trust for the Parties hereto. Upon such delivery and transfer, the departing Operator shall be released and discharged of its responsibilities as Operator, save and except for obligations which have accrued prior to the time of its ceasing to be Operator for which it shall,

notwithstanding this release and discharge, remain liable.

7.05 Successor Operator

Any successor Operator appointed by the Management Committee as hereinbefore provided and not a Party hereto shall be appointed on terms and conditions and for a remuneration to be determined by the Management Committee acting in the same manner as provided in Article 7.03, but such terms and conditions shall be generally consistent with the duties and obligations of the Operator as set forth in this Agreement. Any successor Operator which is a Party hereto shall be appointed on the same terms and conditions and remuneration as was the original Operator.

7.06 Operator to Furnish Labour, Material, Services

The Operator in its conduct of the Project hereunder is an independent contractor. The Operator shall furnish or cause to be furnished all material, labour and services necessary for the conduct of the Project. The number, selection, hours of labour and remuneration of the employees shall be determined by the Operator, provided however, that while the Authority is a Participating Party, the Authority shall be entitled to place up to two individuals at any one time in working positions on the Operator's Project staff for periods of time agreed upon by the Authority and the Operator which individuals must meet the reasonable standard of competence prescribed by the Operator.

That was an important sentence, Mr. Chairman, because members will remember that I was asked a question earlier about AOSTRA's capacity to have personnel on the project as observers and participants. That is covered by that clause.

The individuals placed by the Authority as set forth in this Article 7.06 shall be temporary employees of the Operator and shall be paid a reasonable and proper salary commensurate with their experience and position; provided however, their temporary employment by the Operator may only be terminated for cause or unsatisfactory work performance or as otherwise agreed by the Operator and the Authority.

7.07 Deadlock

If, because of a deadlock between the Participating Parties represented on the Management Committee, the Operator:

- (a) is not provided with an Annual Project Budget, or
- (b) is unable to secure the instructions or the approvals from the Management Committee necessary to continue operation of a Phase of the Project,

the Operator, for so long as such deadlock continues, shall conduct that portion of the Phase to which such proposed annual project budget would have pertained, or such instructions or approvals would have pertained, for the Participating Parties, or Carrying Parties if there is an Overrun, in accordance with its definition as previously modified by the Parties in accordance with the terms hereof and in accordance with the last estimated expenditures approved by the Participating Parties at the time of such approvals, or, if no last estimated expenditures have been approved, in accordance with the estimates contained in Schedule "D" attached hereto, provided that the foregoing provisions of this Article

7.07 shall not relieve the Operator of its duties relating to notices, meetings or like matters; provided further that the foregoing provisions of this Article 7.07 shall not permit the Operator to incur Net Sum Project Expenditures in excess of the Close Cost Estimate of such Phase, or in excess of the Revised Close Cost Estimate if the deadlock occurs during an Overrun, if no Participating Party elects to be a Carrying Party in accordance with the provisions of Article 2 hereof for the next following Overrun.

7.08 Indemnification

- (a) Notwithstanding the provisions of Article 2 hereof, each Party shall indemnify and hold harmless the Operator against any loss, damage, claim or liability (except to the extent such loss, damage, claim or liability should have been covered by insurance referred to in Article 7.02(g) to any third person resulting from any act or omission of the Operator, its agents or employees in conducting the Project as Operator in an amount calculated as follows:

Amount of loss, damage, claim or liability multiplied by the proportion thereof which such Party would be required to pay if the loss, damage, claim or liability were a Project Expenditure arising at the time the cause of the loss, damage, claim or liability arises.

Provided however, that this indemnity shall not extend to any loss, damage, claim or liability resulting from the gross negligence or wilful or wanton misconduct of the Operator, its agents or employees. For the purpose of this Article 7.08 an act or omission of the Operator shall not be deemed gross negligence or wilful or wanton misconduct if such act or omission is done or omitted pursuant to the instructions of, or with the concurrence of the Management Committee.

MR. R. SPEAKER: Mr. Chairman, could I rise on a point of interruption.

MR. CHAIRMAN: A point of order would be acceptable, if you had a point of order.

MR. R. SPEAKER: All right. Fine. I noticed the hour, and the hon. member hasn't completed answering the question raised yesterday. I note that in the earlier comments of the hon. minister, there are 29 other agreements.

MR. LEITCH: There might be closer to a hundred; I wasn't sure.

MR. R. SPEAKER: Mr. Chairman, I felt that I have this evening free. I wonder if it would be possible for the minister to table the agreement he has, so that I could review it prior to his completion of the agreement. Is it possible as well for the minister to table the other available agreements — maybe not this evening, but possibly at another session of study of estimates — so that they could be reviewed as well.

MR. CHAIRMAN: Well, I think it's a matter of comprehensive replies to the questions asked. If the members of the opposition will feel satisfied that the minister has [answered] all the questions they want answered and that we can proceed with the estimates, perhaps the minister would consider that.

MR. LEITCH: Mr. Chairman, I have only one copy of the agreement, and I will need it. But I will certainly give consideration to the request of the hon. Leader of the Opposition. I hadn't noticed the time, but since the hon. Leader of the Opposition has drawn it to my attention, we appear to be nearing adjournment. I'm happy to continue on for the balance of the time, or perhaps the house leader wants to adjourn.

MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. APPELBY: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Does the Assembly agree with the report and the request for leave to sit again?

HON. MEMBERS: Agreed.

MR. CRAWFORD: Mr. Speaker, I move we call it 5:30.

MR. SPEAKER: Does the Assembly agree?

HON. MEMBERS: Agreed.

[At 5:28 p.m., pursuant to Standing Order 5, the House adjourned to Thursday at 2:30 p.m.]

