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Big Oil, Drilling Concessions and the Public Interest: A Canadian Response

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In February 1947, Standard Oil of New Jersey's Canadian subsidiary, Imperial Oil, struck oil near Leduc, a small farm village in central Alberta. The strike initiated a major oil boom that has continued largely uninterrupted to the present. Regulation decisions made during the eighteen months following the discovery regarding drilling access to the now highly valued lands in the vicinity of the Leduc well played a critical role, not only in defining the character of the petroleum industry in the province and altering the scale and distribution of resources revenues flowing into provincial coffers, but also in establishing a regulatory model that set the Canadian standard and was widely copied in new oil producing regions elsewhere.

The proposed paper will examine how the government of a small have-not province after the Leduc discovery faced and resolved three essential and critically related problems: how to encourage desperately needed petroleum exploration and development, how to ensure that smaller home-grown independent oil companies were not squeezed out by the large multi-national companies, and how to ensure that resource revenue collected by the government was maximized in the public interest. Having examined and assessed the province's unique response to these imperatives, the paper will conclude with an evaluation of the local, national and international impact of Alberta's novel approach to awarding drilling concessions.