**ALBERTAN OIL: A Vivid Past and Bright Future**

The Leduc oil-strike in 1947 transformed Alberta's stagnant post-war economy. This discovery marked the beginning of Alberta's change from an agricultural have-not province into the modern petroleum exporter it is today. Not only were the benefits felt in Alberta, but the economic ramifications of the oil boom would reverberate throughout Canada for the next 40 years. As our nation reaped the monetary awards of the discovery, federal and provincial politics became far more complicated. As Canada's need to import petroleum became less so did Alberta's control over the oil. Since demand may in the near future out-strip supply regarding world oil reserves; Alberta will continue to be a vital player for Canada in international economics.

By the end of 1947 Imperial Oil Limited, the company which made the find had drilled 147 more wells in the Leduc area. It was the largest find since oil was found in 1914 in the Turner Valley, just southwest of Calgary. A major effect of this was the rapid and accelerated population growth Alberta and especially Leduc saw. In 1946 Leduc had a population of only 800, a number which grew to 2000 in only four years. In 1941, Alberta's population was roughly 800,000; by 1961 it was about 1.3 million.[1] While population grew swiftly, the economic revolution in Alberta was not so quick. The transformation of Alberta from a sleepy farming province to a centre of commerce in western Canada took place over a few decades. Shortly after the strike, Alberta's strong energy base diversified and countless new businesses and provincially-funded structural enterprises were formed; such as in 1951 when the province of Alberta spent $20 million on transportation infrastructure to handle the new industry. It was money well spent because by early 1956 over 9,380 km of paved multi-lane highways and shoulders were laid as well as several bridges. The housing industry boomed to accommodate the influx of people. Along with it jobs in public works were created, from operational staff to maintenance workers. The private sector was not alone in benefiting from Alberta's boom. Municipal and provincial authorities collected fat royalties and took on larger roles in insurance, and as trade and fiscal centres. By 1971, Alberta's petroleum industry was well-established; agriculture only accounted for 15% of the province's economy compared to 40% in fossil fuels. This is a stark contrast to the economy in 1935 in which agriculture accounted for more than 50% of the province's income.

Throughout the 1970's, Alberta's crude became more and more precious. The 1973 Arab-Israeli conflict saw Arab oil exports decline; when OPEC imposed an embargo on the United States of 5% each month until, according to an official OPEC statement, Israeli military forces left "occupied lands and restored the rights of Palestinians"[2]. In order to protect the import dependent economy of central and Atlantic Canada, Trudeau imposed a federal oil export tax to retain more revenues as well as disallowing resource companies the right to deduct a percentage of the federal royalty in their taxes. Needless to say, Premier Lougheed was not impressed with Trudeau's handling of the situation. Lougheed countered by establishing the Alberta Heritage Trust Fund which would promote economic diversification and provide an easy transition to

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[1] This information is provided by the government of Canada at: http://canadianeconomy.gc.ca/english/economy/1947Leduc_Oil_Discovery.html

[2] Information provided by: http://archives.cbc.ca/IDC-1-73-378-2137/politics_economy/alberta_oil/clip3

"life after the boom" when resources became depleted. This investment reached its peak in 1987 when it reached a level of $12.7 billion. In 1975, eastern and western tensions were still rising as Canada faced an energy crisis.

In 1980, Joe Clark's Progressive Conservatives were defeated and Trudeau regained power in Ottawa. It was shortly after the election that Trudeau, in what turned out to be a short-lived cash grab, implemented the NEP or National Energy Program. October 28th of that year is still a day which lives in infamy for many Albertans. The NEP destroyed Alberta's hope for economic diversification by basically charging tax on oil as it flowed out of the ground and disallowed the price of Canadian oil to rise to world levels. Almost overnight Alberta saw economic recession as a result of Liberal shortsightedness. In 1981, as a protest to this policy, Premier Lougheed cut oil flow to the east by 5% then to 10% a few months later. The NEP had many direct effects on Albertans. Foreign investors sold their Canadian shares as a reaction to the program. Many Albertans lost their jobs in R&D because of cutbacks, and the real-estate market crashed because residents couldn't pay their mortgage. A poll taken that same year regarding Albertan separation saw 49% in favor. Anti-east sentiment was on the rise and was again inflamed when Trudeau attempted to amend and repatriate the constitution with only the consent of Ontario and New Brunswick. Lougheed, however, did not give up his fight against the program. He took the question of the legality of the NEP to the Supreme Court and won on the grounds that the federal government cannot tax provincially-owned gas and oil wells. The NEP tax ceased a year after implementation but the damage was already done. Alberta's oil boom collapsed in 1982.

Though Alberta's oil industry no longer expands at the rate it did in past years, the province has a bright future to look forward to. It is estimated that the Athabasca Tar Sands contain 1.3 trillion[3] barrels of crude. Bitumen or oil sand, however, is very difficult to extract and refine. Today's ever-expanding need for oil, though, makes the expensive process worth it. By 2010 the Athabasca Tar Sands are expected to account for nearly 10% of North American production. As well, refined oil output is expected to sextuple by the year 2030, much in part to the exciting advent of new extraction technologies being implemented in Alberta. Steam Assisted Gravity Drainage is a process which essentially involves two horizontally drilled wells lying on top of one another. The topmost well is then filled with superheated steam which penetrates the bitumen mixture causing it to condense and flow to the lower well. The mixture is then pumped to the surface for refinement. The operating costs for this procedure are only $5 per barrel. This compared to the upwards of $20 per barrel in the 1980's. The world's first SAGD plant opened in Alberta in 2002 and is expected to eventually churn out 100, 000 barrels of oil per day. In essence this process has given the Canadian oil industry a fresh breathe of life, enabling the Alberta oil sands to compete on a global level.

The economic and political perspectives of Canada during the past 50 years have been greatly influenced by Alberta's discovery of oil in the prairies. The relationship with the east has been characterized as rocky and painful. Disputes over petroleum

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[3] Source taken from: Barbajosa, Alejandro Shell, Exxon Tap Oil Sands, Gas as Reserves Dwindle Retrieved Feb 18 2005 from http://www.energybulletin.net/4385.html

ownership have caused animosity of the federal government in the west. Still, through it all, we are a strong, united country set to be a global player in the developing, oil-hungry world. With provinces such as Alberta leading the way with cutting-edge technology and solid experience, Canada's oil-economy will persist and prosper far into the future generation.

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