

No. 5755

**UNITED STATES OF AMERICA
and
CANADA**

**Exchange of notes, constituting an agreement relating to
the disposal of pipeline facilities in Canada. Washing-
ton, 31 March 1960**

Official text: English.

Registered by the United States of America on 17 July 1961.

**ÉTATS-UNIS D'AMÉRIQUE
et
CANADA**

**Échange de notes constituant un accord concernant l'attri-
bution définitive de la propriété des installations CANOL
au Canada. Washington, 31 mars 1960**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 17 juillet 1961.

No. 5755. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CANADA RELATING TO THE DISPOSAL OF PIPELINE FACILITIES IN CANADA. WASHINGTON, 31 MARCH 1960

I

The Secretary of State to the Canadian Ambassador

DEPARTMENT OF STATE
WASHINGTON

March 31, 1960

Excellency :

I have the honor to refer to recent discussions between representatives of the United States and Canadian Governments concerning final disposition of the remaining elements of the CANOL project located in Canada.

It will be recalled that on April 1, 1958, the United States Government terminated operation of CANOL Pipeline No. 2 (the four-inch products pipeline) and thereupon transferred its equity in the Canadian portion (including the pump house and pumps on this line at Carcross) to the Canadian Government. Simultaneously the United States Government made the Alaskan portion of CANOL Pipeline No. 2, together with appurtenant terminal and pumping facilities at Skagway, available for use by Canada by conveying for an agreed consideration, including the right to leave the entire line in place, all interest therein to the White Pass and Yukon Railroad and its affiliates, the designee of the Canadian Government, thereby fulfilling the obligations of the United States Government under paragraph 7 of the Annex to the United States-Canada Haines-Fairbanks Pipeline Agreement of June 30, 1953.² I have the honor to propose that the arrangements described above, which have already been made for the transfer of CANOL Pipeline No. 2, now be confirmed formally by our two Governments.

¹ Came into force on 31 March 1960 by the exchange of the said notes.

² United Nations, *Treaty Series*, Vol. 206, p. 93.

With regard to the other CANOL pipeline facilities in Canada still remaining in United States ownership, it is now proposed, as a result of the aforementioned discussions, that these facilities should be disposed of as follows :

1. The United States interest in CANOL No. 3 (the 2-inch line), the portion of CANOL No. 4 (the 3-inch line) in Canada, and the Whitehorse Tank Farm, together with the appurtenant facilities, will be conveyed (on an "as is" and "where is" basis) to the Canadian Government for the consideration agreed between representatives of the two Governments, the facilities having been evaluated in accordance with the procedure specified in the exchange of notes of February 26, 1945,¹ concerning the CANOL Project.

2. The United States-owned petroleum products in the three-inch line will be conveyed to Canada at an agreed price.

3. All restrictions contained in previous exchanges of notes between the two Governments on the dismantlement of any of the CANOL Project facilities, located either in Canada or the United States, shall no longer be operative upon the conveyance to Canada of the facilities cited in numbered paragraph (1) above.

4. Upon the conveyance of the facilities to the Canadian Government, the United States Government will be relieved of the requirements of paragraph 5 of the Annex to the Haines-Fairbanks Pipeline Agreement, except for the undertaking specified in subparagraph (a) of paragraph 5 so that, effective immediately upon such conveyance, paragraph 5 of the Haines-Fairbanks Pipeline Agreement shall read :

"5. Use of the Pipeline to meet Canadian Requirements

"In the operation of the Haines-Fairbanks pipeline, the United States undertakes to give assurance of equal consideration to Canadian defense requirements with those of the United States."

5. The United States may continue to use the water well and water-pumping facilities at Station F on the 3-inch line for the needs of Station 2-B at Donjek for as long as required by that Station but not to exceed the period specified in the Haines-Fairbanks Pipeline Agreement of June 30, 1953, or for such shorter period as may be agreed upon by the two Governments. Ownership of the water-pumping facilities shall remain with the United States until the use by the United States of the facilities is terminated, at which time ownership will vest in the Government of Canada. For the period that the water-pumping facilities remain in United States ownership their operation and maintenance will be the responsibility of the United States. During such ownership water will be made available for other than United States use to the extent practicable. Any question as to the rights of use of the water will be referred for settlement to the appropriate agency of the Government of Canada.

If the Canadian Government is in agreement with the foregoing, I have the honor to propose that this note and your Excellency's note in reply concurring therein shall constitute an agreement between our two Governments which shall enter into force on the date of your Excellency's reply and shall supersede all other previous agreements

¹ United Nations, *Treaty Series*, Vol. 99, p. 273.

or parts thereof between our two Governments pertaining to those CANOL facilities which are the subject of this agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State :
Livingston T. MERCHANT

His Excellency A. D. P. Heeney
Ambassador of Canada

II

The Canadian Ambassador to the Secretary of State

CANADIAN EMBASSY
WASHINGTON, D. C.

March 31, 1960

No. 188

Sir,

I have the honour to refer to your note of March 31 concerning the disposition of CANOL Pipeline facilities in Canada and to inform you that the Canadian Government is pleased to accept the proposals set out in your note and agrees that your note and this reply should constitute an agreement effective as of today's date. The Canadian Government also agrees that this exchange of notes shall supersede all other previous agreements or parts thereof, between our two Governments, pertaining to those CANOL facilities which are the subject of this agreement.

Accept, Sir, the renewed assurances of my highest consideration.

A. D. P. HEENEY

The Honourable Christian A. Herter
Secretary of State for the United States of America
Washington, D. C.