CALGARY'S REAL ESTATE OPPORTUNITIES

MINERAL LANDS WILL NOT BE ALIENATED

Very Important Changes to be Made in the Regulations.

NO SURFACE RIGHTS WITH PETROLEUM LANDS.

And Grants Will be Made For Actual Operations Only.

Ottawa, April 8.—The department of the interior has recently issued new regulations governing the disposal of mineral rights on government lands, the property of the crown.

The lands in question are situated in Manitoba, Alberta, Saskatchewan, and the North West Territories. The purpose is to revive the regulations relative to all mineral rights but the specific subjects being dealt with at this time relate to petroleum, natural gas and tar-sand rights.

The purpose in promulgating the new regulations is to conserve to the people of Canada their interest in the natural resources that remain in the control of the government while affording every opportunity and inducement for the investment of capital in their actual development.

In former times it was the policy of the government to dispose outright of mineral rights. Industrial development along such lines was in its incipiency and it was regarded as proper and necessary that a broad liberality should be practised in order to encourage and foster the building up of such industries. At that time land had but small value and as an added inducement to capital individuals and corporations were permitted to acquire freehold rights to the surface on lands on which they undertook to develop mineral.

Times Have Changed

But times have changed; the great tide of immigration of the last few years has given a vastly increased value to land and the encouragement so liberally extended to capital has had the effect of placing the development of the mineral resources of the country on a substantial footing. Hence the determination of the government to inaugurate a new policy for dealing with mineral rights, the modern policy of conservation.

Formerly, when the surface had no great value, regulations were framed whereby the applicant for mineral rights was permitted to acquire both the surface and mineral rights upon the payment of a given sum per acre. As the demand for farming lands increased, the value of the surface of mineral lands was very greatly enhanced, and under this increase in the value of surface lands it in time came about that mineral rights were being acquired for the purpose of getting the surface. Instead of the surface being acquired as an incident to the mineral rights it became evident in many instances that ostensible mineral rights were merely being availed of to grab the surface.

For Operation Only

To meet this condition new regulations have been framed designed to segregate the mineral from the surface rights and introducing the principle that mineral rights may only be acquired for actual operation. Under the former regulations the right to acquire the surface with the mineral rights applied to both coal and petroleum lands with the difference that whereas title to coal lands could be acquired upon the necessary payments being made, title to petroleum lands could not be had until machinery was on the ground and a commercial flow of oil obtained. The new regulations, made to apply to coal lands, were so framed as to give only the coal rights under lease subject to being operated on demand. It was found, however, that the same conditions that had obtained with regard to coal lands were operating with respect to petroleum lands and to protect the public interest the petroleum regulations are now being changed.

No Surface Rights at All

The principle of the new petroleum regulations is that the mineral rights are secured under lease subject to an annual rental, except that for the first two years of the lease the rent may be paid in prospecting operations. But the lessee of the mineral rights does not acquire the right to the surface though he may have leased a sufficient area of the surface to enable him to carry on operations.

The same principle is being worked out in connection with the demand for opportunity to develop the tar-sand or asphalt lands on the Athabasca in northern Alberta. Under the tar-sand regulations recently issued the mineral rights to these lands may be secured on payment of $10 an acre and then only so much as the government considers is necessary for operations.

One important principle involved in the new regulations respecting the petroleum and tar-sand lands relates to the rights of the prospector, the discoverer, whose interests are protected as they have not hitherto been. In the new regulations all lands must be staked and they must be staked in person by the individual making application for a lease but the original locator is given the right under certain restrictions, of transferring his right.

No Longer Sell the Rights

The underlying principle of these regulations and upon which all others in the future will be built is, that the government will no longer sell or alienate mineral rights; but will only lease them subject to terms of operation; that leases shall be held subject to annual rentals which are intended to be burdensome unless actual operations are carried on. In short the whole tenor of them is that while actual operations in the development of mineral resources are made easier, getting land through obtaining mineral rights is entirely cut out.

Orders-in-council authorizing the new regulations have been passed within recent days. They are now being published by the interior department.

The tar-sand regulations which became effective on the 19th, are made to apply to that portion of Alberta lying north of township 80 and between the fourth and fifth meridians in which territory the asphalt deposits are situated. For the purpose of developing the tar-sand deposits these lands may be leased for a term of twenty-one years at an annual rental of fifty cents an acre in advance. No applicant is allowed to lease more than 1920 acres. The lease may be renewed for a further term of twenty-one years provided the lessee can satisfy the minister he has fully complied with the terms of the lease and all the regulations under which the lease was granted. Where the surface rights to lands applied for are disposed of no lease will be granted.

The applicant for tar-sand rights must make application in person to the agent for Dominion lands or a sub-agent in the lands district in which the lands applied for are situated and must show that he has personally staked the land by placing a wooden post four inches square and four feet high at one corner of the tract, on which has been inscribed the name of the applicant, the boundaries defined and a notice posted declaring the intention of the applicant to apply within thirty days for a lease. If the land applied for lies on the shores of a river or lake the applicant will be entitled to apply for no more than one mile of water frontage.

The lease granted the applicant embraces only the tar-sand rights but the lessee may upon making application, be permitted to purchase at $10 an acre so much surface rights as the minister may consider necessary for working the mineral right.

The lessee is required to begin active operations upon the land within one year from the date upon which he is notified by the department to do so and must produce from such operations the quantity of asphalt specified in the notification. Such notification may not be given until the expiration of the first year of the lease. When issued it must state the quantity of asphalt the lessee will be required to produce, which amount may be increased from time to time but may never be made to exceed ten tons per annum for each acre of land leased.

During the first three years of the lease the lessee is required to make such expenditure in the development of the leasehold and in installation of equipment for efficient operation as may be prescribed in the lease and at the end of each year he must furnish evidence to the satisfaction of the minister that he has fully complied with these requirements. The lessee may not transfer his rights without the consent of the minister. A fee of $5 must accompany each application for a lease.

It is provided, with a view to encouraging the development of the industry that no royalty shall be charged by the government on the products of tar-sand locations prior to 1930, a period of twenty years but provision will be made in all leases making the products of the lands subject to whatever may be levied after that date.

The new regulations with respect to petroleum and natural gas lands will come into force the second day of May of this year. They prescribe a complete revolution in the system of dealing with such lands. Under the old regulations, all crown lands were declared to be open for prospecting for oil. Applications for oil lands might secure the oil rights to 1920 acres and if oil was found the owner of a right was entitled to purchase the land at the rate of $1 an acre for the first 640 acres and $3 an acre for the remaining 1280.

Under the new regulations individuals or corporations may acquire by lease only the petroleum and natural gas rights under an area not exceeding 1920 acres of crown lands at an annual rental, in advance, of twenty-five cents an acre the first year and fifty cents an acre each subsequent year. The lease runs for twenty-one years and is renewable for another twenty-one years upon the lessee satisfying the minister of compliance with all the terms of the lease and the regulations in force during the currency of the lease.

In cases where the surface rights to lands applied for have been patented or otherwise passed to freehold right the lease does not authorize entry upon the land without obtaining the consent of the owner of the surface and in case of the surface being covered by timber license, grazing or coal mining leases, permission of the minister to enter upon the land must be obtained, that permission to be made subject to a guaranty for the protection of the interests of those holding the surface rights.

Application for petroleum or gas rights must be made in person by the applicant to the Dominion lands agent or a sub-agent in the district in which the lands in question are situated. The applicant must file a plan of the tract and must show the lands agent that he has personally staked the land, placing a wooden post four inches square and four feet high at one angle of the land, bearing the name of the applicant, the date of location, a description of the land and that written notice has been posted on the land declaring the intention of the applicant to apply for a lease within thirty days from the date of location. If the land be situated on a river or lake the applicant may not acquire the right to more than a mile of water front.

The lessee is required to have on the ground within one year, the necessary boring machinery for successful operations, such as the minister may consider necessary and must satisfy the minister he has made such installation but the minister may not require that the value of such machinery exceed $5.

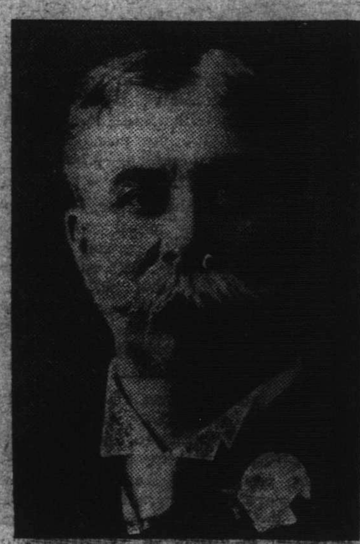
The lessee must begin boring operations within fifteen months of the date of his lease and must continue such operations with reasonable diligence, to the satisfaction of the minister, with a view to the discovery of oil or gas and the lease is subject to cancellation unless it can be shown that at least $2,000 is expended in legitimate boring operations in any one year. For the first two years of the lease, the applicant may be submitting satisfactory affidavits as to the sums expended in boring operations, have such sum, exclusive of the cost of machinery and casing, applied to his rental for those years.

The lease conveys only the rights to the oil and gas but the lessee may on application being made, be granted a lease at $1 per acre per year payable in advance, whatever surface available the minister may consider necessary for operations and should oil or gas be found in paying quantities the lessee may be granted permission to purchase at $10 an acre so much of the available surface rights as the minister may determine is necessary for the efficient operation of the rights granted.

If it is not established to the satisfaction of the minister that oil or gas exists on the leasehold, the lease becomes subject to termination upon two years notice being given by the minister.

A fee of $5 is required to accompany each application for a lease. The lessee is not permitted to transfer his rights without the consent of the minister. No royalty is to be charged on petroleum until 1930 but as in the case of tar-sand leases, the lease must provide for the imposition and collection of whatever royalty the government may impose thereafter. A royalty may, however, be levied on natural gas in such amount as may be determined by order in council.

It is provided that at the end of each year of the term of the lease the lessee must furnish to the minister a statement supported by affidavit showing the number of days operations were carried on during the year, the number of men employed, the character of the work done, the depth attained, the total expenditure incurred; a detailed statement showing what such expenditure was incurred for, the quantity of crude oil or natural gas obtained and the amount realized therefrom. Failure to furnish such return will subject the lessee to a fine of $10 a day for each day's delay in submitting the return and after three months delay the lease will be subject to cancellation.



E.STRACHAN COX—Prominent Torontonian, arrested in Toronto bucket shop.