

Since this provision affected existing leases, the Crown share was retroactive for certain projects; hence the name "back-in", the term often applied to the NEP Crown interest provisions which were so strongly criticized by the petroleum industry. In those cases where the back-in affects an established commercial project, a cash settlement will be made, according to the terms of the *Canada Oil and Gas Act*, when the Crown's carried interest is converted to a working interest.

The Committee agrees that the Federal Government should retain this power of decision-making in the development of Canada Lands. The back-in allows the government to assess development prospects and acquire a share in any commercial frontier venture. The Crown share is analogous to a royalty payment to a resource owner. The expenditure by the Federal Government to underwrite frontier exploration alone justifies a Crown share in any commercial development. This is a separate issue from public participation in the energy industry, as illustrated by Petro-Canada.

- 5. The Committee recommends that petroleum development on the Canada Lands continue to carry the requirement of 50% Canadian participation which includes the Crown share.**