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I have now received a reply to the effect that, while we are wholly in accord with your suggestion, it is nevertheless believed to be desirable that in any regulations which may be adopted there be nothing which would forbid operations anywhere within the broad general area mentioned in our note of December 28, 1942. I quote below, for your information, the pertinent parts of a letter of February 6, 1943, to the Secretary of State from the Secretary of War on this subject:

"This office is wholly in accord with the suggestion contained in Dr. Keenleyside's letter of January 18, 1943 that certain areas should be reserved for exploration by nominees of the United States in order to prevent the possible intervention of any one whose interest is not identical with that of the Canadian Government or of the United States Government.

"At the present time it is expected that the greater part of the wildcatting will be carried on in the district contiguous to the Mackenzie River, approximately 25 miles each side thereof, and extending from Fort Wrigley on the south to Good Hope on the north. It is hoped that sufficient sources of oil to fulfill our requirements will be discovered within this area. However, there are under consideration and surveys are being made of two major districts which, on the basis of presently available geological data, are considered to be the most promising for oil exploration. These areas are defined as follows:

- a. District of Mackenzie - An area contiguous to the Mackenzie River, approximately 75 miles each side thereof, and extending from Great Slave Lake on the south to the Arctic Ocean on the north
- b. Yukon Territory - All that portion of the Yukon Territory lying north of the 66th parallel.

"It is believed that, in accordance with the suggestion of the Canadian authorities, it would be advantageous to both governments to have the two major areas as described above reserved for oil exploration by the United States in connection with the Canol Project, to the exclusion of other interests.

"Although it is expected that our activities will be confined within these two areas it would be considered inadvisable to have them strictly limited thereto. It is therefore the desire of this department that any regulations which may be adopted be of such a nature as to permit operations anywhere within the broad general area described in our letter of November 18, 1942."

Sincerely yours,

LEWIS CLARK

Charge d'Affaires ad interim