

4.04

503 Public Building

October 24th, 1941.

Copy for the information of Indian Affairs Branch, Ottawa

Dear Sir:

*Acct. 6*  
I am in receipt of your letter of the 23rd instant in which you request that the rentals due in respect of your petroleum and natural gas lease holdings on the Sarssee Indian Reserve be satisfied from drilling credits earned on account of the drilling of Inland Sarssee Well No. 1, for the year 1940-41 and that an extension of time be granted for the payment of rentals for the year 1941-42 due on the 1st prox. in view of the expenditure to be incurred in respect of drilling to be undertaken by the Petroleum Corporation of Canada Limited on Section 9, Township 23, Range 4, West of the 5th Meridian, both of these operations being on the leased area of 14,720 acres assigned to your Company by H. M. Mack. This development and expenditure would not appear to be eligible for consideration in respect of your original lease of 2,560 acres. The matter of consolidating your operations and expenditure, as permitted under Section 11 of the petroleum and natural gas regulations, is drawn to your attention.

I would also draw your attention to Section 13(a) which requires that, if the lessee, before the end of the year in respect of which an extension of time is granted for the payment of rental, submits evidence supported by affidavit of the amount expended in such drilling operations, such expenditure may be deducted from the rental which became due at the beginning of the year. Yearly Report of Operations and Expenditures is also required as set forth in Section 21. Forms of Affidavit of Expenditure and Yearly Return are enclosed herewith.

Yours very truly,

*F. M. Steel*

F. M. Steel,  
Petroleum Engineer.

Managing Director,  
Highwood-Sarssee Oils Ltd.,  
614-15 Lancaster Bldg.,  
Calgary, Alberta.