

exploratory program satisfactory to the government is carried out and a payment of 25 cents per acre is made on each renewal. If the exploratory program is unsuccessful, conversion to lease is carried out.

Still another means of obtaining petroleum rights is through sales by the Mining Recorder. These sales of petroleum and natural gas rights take place for lands up to 10,000 acres in area which consist mainly of cancelled leases together with an equivalent amount of Crown reserve land from the same township. Following a sale, in which title goes to the highest bidder, the land so acquired must be converted to lease. At the time of receiving the application for lease, the government creates an equal area as a Crown reserve in the same township. If no tenders are received on a given parcel of land, the land is then made available for direct leasing.

Blocks of land, consisting of more than 10,000 acres, in which the petroleum and natural gas rights have reverted to the Crown, are periodically offered as reservations by public tender. Bids must include the full amount of the bonus payment offered plus a \$250 fee and a deposit of \$2,500 for each 20,000 acres to be included in the reservation. Should no bids be received, the petroleum and natural gas rights are made available for application for lease or application for reservation, as outlined at the commencement of this section on Alberta regulations.

Once a lease is obtained, by means of one of the procedures previously described, it may be held for 21 years, renewable for further terms of 21 years so long as the location is capable of producing petroleum or natural gas in commercial quantities. Payment of an annual rental of one dollar per acre is also required. There are specific regulations to ensure that the lease-holder operates his oil property in the most efficient way possible and in accordance with the best interests of the people of the Province.

Natural gas exploration is now attracting much attention and certain special provisions have been established to encourage the development of this resource.

To ensure that the holder of surface rights may be adequately compensated for the surface privileges given the oil company, and for any damage done, the Government of Alberta has established a Right of Entry Arbitration Board to deal with any disputes. In most instances, however, satisfactory arrangements can be reached through direct negotiation between the oil company and the property owner.

Other Provinces

Saskatchewan grants exploratory permits on areas up to 10,000 acres for a period up to three years. Its other procedures of granting petroleum and natural gas rights follow a similar pattern to that developed in Alberta and oil companies operating in Saskatchewan have found them equally acceptable. In British Columbia, much attention has been given by companies to natural gas development. Legislation established in that province gives particular consideration to the difficulties of conducting large-scale natural gas exploration in the rough terrain of northeastern British Columbia. In Manitoba, legislation is similar to that of other provinces, but special provisions have been granted to allow for the fact that the potentially favourable land area in this Province is considerably smaller than elsewhere in Western Canada.