

on Crown lands: The procedures, in principle, are quite uniform throughout Canada but each provincial government has incorporated certain provisions in its regulations to meet the particular needs of its own territory. The following notes set out the main procedures in Alberta.

Alberta

Arrangements for leasing and development of freehold rights are settled between the owner and the prospective operation but in general they involve similar commitments to those applicable to Crown lands.

To commence exploration, a prospecting licence must be obtained from the government. This licence is called a reservation of petroleum and natural gas rights, and it gives the applicant exclusive exploratory rights over a wide area, not exceeding 100,000 acres in each tract. A maximum of two such reservations may be held at any one time by a company, although a subsidiary company may also hold reservations and an assignment of any number of reservations may also be made to an operating company. Thus a company wishing to carry out large-scale exploratory operations may gain access to considerable areas of land.

The applicant must pay a fee of \$250 and post a deposit of \$2,500 for each 20,000 acres, or part thereof, as a guarantee of performance. A plan of the proposed exploratory program must be submitted. The term of the reservation is restricted to four months. However, if an exploratory program, satisfactory to the government, is carried out, then the reservation holder may secure two further successive four-month renewals, without any payment. Furthermore, following satisfactory performance during the first year of the reservation, the holder of the reservation may obtain up to eight more extensions of three months each by making specified cash payments. In the second year these payments amount to 7 cents per acre for the first and second renewals and 8 cents per acre for the third and fourth renewals. In the third year the reservation may be held - provided drilling is being done on the property - by payments of 10 cents, 15 cents, 20 cents and 25 cents per acre for the first, second, third and fourth renewals. Thus a company may hold a reservation for three years through the payment of an initial fee of \$250 plus extension fees totalling \$1.00 per acre. At all times an exploratory program, satisfactory to the government, must be continued.

If the operator obtains encouraging exploratory results he may wish to change his title from the reservation form to the lease form. He is only permitted to keep 50 per cent of the land under reservation in each township; the remainder reverts to the Crown. The maximum single lease which may be held is a two-mile by four-mile rectangle, or a three-mile square block, and no lease blocks may adjoin except at the corners. If oil is discovered in commercial quantities during the exploratory stages, the reservation holder must convert to lease within three months.

A variation of the reservation system is that of the drilling reservation. This may be purchased at a government sale under terms which require the drilling of a test well to a specified formation. The highest bid, plus a fee of \$250 and six months rental at 25¢ per acre, gives title to the drilling reservation. This title may be further extended for five periods of six months each, provided an