

In case natural gas is discovered the lessee shall take all reasonable and proper precautions to prevent the waste of gas, and his operations shall be so conducted as to enable him, immediately upon discovery, to control and prevent the escape of gas. Should salt water be encountered, the lessee shall immediately and effectively close the well at such a depth as may prevent such water from gaining access to the oil-bearing formation.

The Minister may, from time to time, make such additional regulations as may appear to be necessary or expedient, governing the manner in which boring operations shall be conducted, and the manner in which the wells shall be operated ; failure on the part of the lessee to comply with such requirements will render the lease subject to cancellation.

11. No royalty shall be charged upon the sales of petroleum up to January 1st, 1930, but a royalty at such rate as may be specified by Order in Council may be levied on the natural gas products of a leasehold.

12. Any company acquiring leases shall at all times be and remain a British company, registered in Great Britain or Canada ; the Chairman, and a majority of the directors shall, at all times, be British subjects and the Company shall not at any time become, directly or indirectly, controlled by foreigners or by a foreign corporation.

13. The Minister may at any time, if considered necessary by the Government of Canada, assume absolute possession and control of any location, together with plant, equipment, etc.

14. If oil in paying quantities is discovered the lessee shall work the wells uninterruptedly in accordance with the provision of these regulations and to the satisfaction of the Minister so long as the wells yield oil in paying quantities.

15. At the end of each year of the term of the lease the lessee shall furnish a statement, supported by affidavit, showing the number of days during the year that operations were carried on upon the location ; the number of men so employed ; the character of the work done ; the depth attained ; the total expenditure incurred ; a detailed statement setting out fully the purpose for which such expenditure was incurred ; the quantity of crude oil or natural gas obtained ; and the amount realized from the sale thereof. Failure to furnish such yearly return will render the lessee subject to a fine of ten dollars (\$10.00) a day for each day's delay in furnishing the sworn statement, and after three months' delay the lease shall be subject to cancellation.