

interest in the shallow gas zones where the gas is a dry sweet commodity not requiring processing. Of the 548 exploratory wells drilled in the western provinces, 504 were in Alberta and 68% of these were shallow zone exploratory wells.

Three gas discoveries were made in the Willson Creek–Limestone Mountain area of west central Alberta, and a number of gas discoveries and successful extensions to existing fields occurred, particularly in the Peace River area. In Saskatchewan both exploratory and development drilling declined, with most of the activity consisting of development wells in the expanding shallow gas fields in the southwestern corner of the province. In British Columbia some significant discoveries were made in the northeastern and southern areas. Most development drilling was aimed at the Devonian Slave Point producing trend which includes the Sierre, East Kotcho Lake and Helmet fields.

Oil and gas legislation

13.2.3

Oil and gas exploration and development in the Yukon and Northwest Territories and Canadian offshore areas are governed by the Territorial Lands Act, the Public Lands Grants Act, the Oil and Gas Production and Conservation Act, and pertinent regulations under the existing Canada Oil and Gas Land Regulations.

Oil and gas exploration permits have been granted for three, four or six years, depending on latitude and region, either on application or, in the case of land previously held under permit, by sale through public tender. A permit is renewable for up to six one-year periods, with provision for additional renewals under special terms and conditions. The permit holder must undertake exploratory work of specified value, ranging from five to 20 cents an acre (two to eight cents a hectare) for periods of the primary term. Work obligations for each one-year renewal period increase up to 50 cents an acre (20 cents a hectare). The permit holder must post a guarantee deposit in the form of cash, bonds or promissory notes prior to each work period. These deposits are returned on receipt of satisfactory evidence that exploratory work has been performed, and are forfeited to the Crown if work obligations are not fulfilled. Oil and gas leases from such permits may be selected in accordance with prescribed guidelines for up to 50% of a permit area, with the portion not converted to lease reverting to the Crown.

An oil and gas exploration permit may be issued to any individual over 21 years of age or to any joint stock company incorporated or licensed to do business in Canada, or incorporated in any province of Canada. Extraterritorial companies applying for permits in the Northwest Territories must be registered under the Companies Ordinance of the Northwest Territories. Certain Canadian participation provisions apply to the lease stage. An oil and gas lease may be granted where the minister of the department involved is satisfied that the applicant is a Canadian citizen over 21 years of age and will be the beneficial owner of the interest granted, or to a corporation incorporated in Canada, and at least 50% of the issued shares of the corporation are beneficially owned by Canadian citizens or the shares are listed on a recognized Canadian stock exchange and that Canadians will have an opportunity of participating in the financing and ownership of the corporation, or the operation is wholly owned by a corporation that meets either of these two corporate requirements, or a combination of individual and corporate requirements.

On May 19, 1976 the ministers of Energy, Mines and Resources and Indian Affairs and Northern Development jointly issued a "Statement of Policy regarding a Proposed Petroleum and Natural Gas Act and New Canada Oil and Gas Land Regulations", preparatory to tabling new legislation in Parliament. It was proposed that the new act would authorize regulations affecting existing contractual obligations, including provisions designed to accelerate oil and gas activity. Among the stipulations are: marked increases in work obligations for existing permits in most areas; issuance of production rights only upon the