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A STUDY
OF RESOURCE
EXPLOITATION ASSIGNMENTS

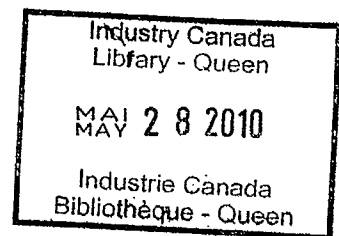
A STUDY
OF RESOURCE
EXPLOITATION ASSIGNMENTS

Submitted
by
DOUSERV INC.


To

The Department of Communications
REGULATORY POLICY
AND
PLANNING DIRECTORATE

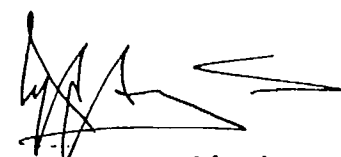
31 March 1987



Author:


Michael J. Primiani
Senior Projects Director

Approved:


Maurille G. Séguin
President

d

March 31, 1987

Department of Communications
300 Slater Street
Room 1606, JTN
Ottawa, Ontario
K1A 0C8

Attention: Mr. E.D. Ducharme
Director
Regulatory Policy and Planning Directorate

Your File No.: DRP-1682-3

Dear Mr. Ducharme:


We are very pleased to have had the opportunity of undertaking this study on behalf of your Directorate. It was indeed a challenge for us to explore this vast field of regulation affecting the assignment of rights by other federal and provincial resource sectors. We hope the direction and focus which we selected is acceptable.

The enormous amount of information that was amassed covers a broad range of disciplines. It was our intent to explore as many aspects of the topic as possible, thereby providing greater support to your group when addressing novel approaches in Spectrum pricing licensing alternatives.

We trust that this report meets with your approval, and are available to review its contents or answer any queries, at your request.

Thank you for the confidence you have placed in Douserv Inc., and we look forward to being of service to you again in the near future.

Respectfully yours,



for: Maurille G. Séguin
President

Encl.
/ab

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1.0 INTRODUCTION

This report is the result of the contract award (n° 36100-6-4410) on the 3rd of February, 1987 by the Department of Communications to Dousery Inc. It initiated as an unsolicited proposal and was developed through a series of discussions with representatives from the Department. Its prime objective is to explore legislative and administrative factors associated with the assignment of exploitation rights to natural resources. Representatives from Federal and Provincial governments were consulted, since regulatory powers regarding natural resources are vested at both levels in our Canadian System.

Permits, licences, and leases can be proprietary or statutory in nature. The study methodology focused on developing an overview of the exploitation rights licensing "process", rather than delving into these complexities.

The report is structured in two parts:

- A review of a sample of licensing procedures.
- The highlighting of implementation considerations for an assignment, or licensing procedure.

No attempt was made to analyze a particular resource or a discipline, to assess its similarity to the Radio Spectrum, since in all cases, the intent was to discover the legislative and administrative procedures. A more exhaustive analysis can eventually be carried out to identify the commonality of these resources with the Radio Frequency Spectrum, and to select resources that have the greatest similarity to the Spectrum band.

The particular interest in "auctioning" methods, which underlies this mandate, led us to investigate in greater detail any process where public tendering was used.

2.0 METHODOLOGY

The first criterium adopted for this study was that its scope would be as broad as possible so as to provide an unbiased view of the largest number of natural resources sectors. Consequently, a preliminary literature search was undertaken, focusing on legislative issues and a quick review of natural resources concentrations across the provinces.

A second sorting identified sectors with the greatest potential for our study. This led to an intensive telephone surveying of personnel associated with the licensing procedure in the sector. Simultaneously, written questionnaires were sent to various sources, soliciting documentation prior to making final arrangements for personal interviews. Any sectors that did not have a very well-defined system in place were bypassed, whereas those with documented procedures were placed on a priority list. Key individuals within the latter sectors were then contacted and interviewed.

2.1 THE RESOURCES CONSIDERED

The table on the following page indicates which sector was investigated at the Provincial and Federal level.

Given the extremely condensed project schedule, for those sectors where the information received was judged inadequate for a thorough analysis, the investigators merely noted this, and added the documents to the list of references (Appendices 8.3 and 8.4), for any future consultation.

Appendix 8.2 provides a sample indication of the level of questioning that was undertaken. There are notes from several interviews not yet transcribed, which can also be made available to the D.O.C. if requested.

2.1 THE RESOURCES CONSIDERED

SAMPLING OF LICENSING POLICIES
AND PROCEDURES FOR SOME
NATURAL RESOURCES

PROVINCE OR TERRITORY	NATURAL RESOURCE																
	FOREST	PRECIOUS METALS	FERROUS MINERALS	NON-FERROUS MINERALS	LAND	COASTAL SHORES	ROCK/QUARRY	WATER/NAVIGATION	WATER/FISHING	WATER/ENERGY	OIL	TAR SANDS	GAS	THERMAL	WIND	SOLAR	NUCLEAR
BRITISH COLUMBIA			X														
ALBERTA	X		X	X	X		X	X	X	X	X	X	X				
SASKATCHEWAN	X		X	X	X		X		X		X		X				X
MANITOBA				X													
ONTARIO	X		X	X	X		X		X	X							X
QUEBEC	X		X	X	X		X	X	X	X							
NEW BRUNSWICK			X														
NOVA SCOTIA	X		X	X	X		X				X		X				
P.E.I.			X														
NEWFOUNDLAND	X		X	X	X		X		X		X		X				
YUKON				X	X						X		X				
N.W. TERRITORIES				X	X						X		X				
CANADA			X	X	X		X				X	X	X	X	X	X	X

2.2 FEDERAL GOVERNMENT REPRESENTATIVES

Interviewing started at the Federal level, so as to have a better indication of where efforts should be concentrated.

A listing of the persons who contributed to the study is found in Appendix 8.1.

It is worth noting that all participants were very cooperative, and expressed a keen desire to be a part of any future development of the study. The Directorate thus has a source of knowledge readily available should it decide to pursue these findings.

2.3 PROVINCIAL GOVERNMENT REPRESENTATIVES

Like their Federal counterparts, all those who participated in the study (Appendix 8.1) were most cooperative and showed an interest in future developments of the study.

A note of caution is in order concerning the selection of the candidates. Normally these were persons involved in the administration of the "Acts" and "Regulations". No attempt was made to reach those responsible for the actual structuring, or drafting of legislation, since this was deemed beyond the scope of the study.

In Ontario, one comment was solicited from industry, via the resident Forester for Domtar in the Forestry sector. Similar investigations would prove worthwhile within a specific sector that D.O.C. feels warrants closer scrutiny.

3.0 EXAMPLES FROM THE RESOURCES SECTORS

The underlying approach in this study was to present as thorough a reference document as possible on licensing procedures. This implied little effort would be expended in attempting to extrapolate these into the realm of Spectrum licensing. The emphasis was consequently placed in identifying the largest number of systems. Six sectors were explored:

- PETROLEUM & GAS
- MINES
- LANDS & PARKS & WILDLIFE
- FORESTS
- NUCLEAR
- RENEWABLE RESOURCES

3.1 PETROLEUM & GAS

Subsoil ownership and title to hydrocarbons on public land in the provinces of Canada is vested in the provincial governments. The federal government holds only title to hydrocarbons in the Northwest Territories, the Yukon, and lands within Indian Reserves and National Parks. Some hydrocarbon deposits are owned privately as a result of either a former practice of granting mineral titles upon the completion of specified development work or outright grants of the subsurface estate to private landowners. Offshore jurisdiction was in dispute between the Provinces and Federal governments, until the end of 1986, when the "Offshore Petroleum Resources Accord" was signed.

The province of Alberta produces most of Canada's oil and natural gas. It is therefore appropriate to select Alberta's petroleum legislation and procedures for some review.

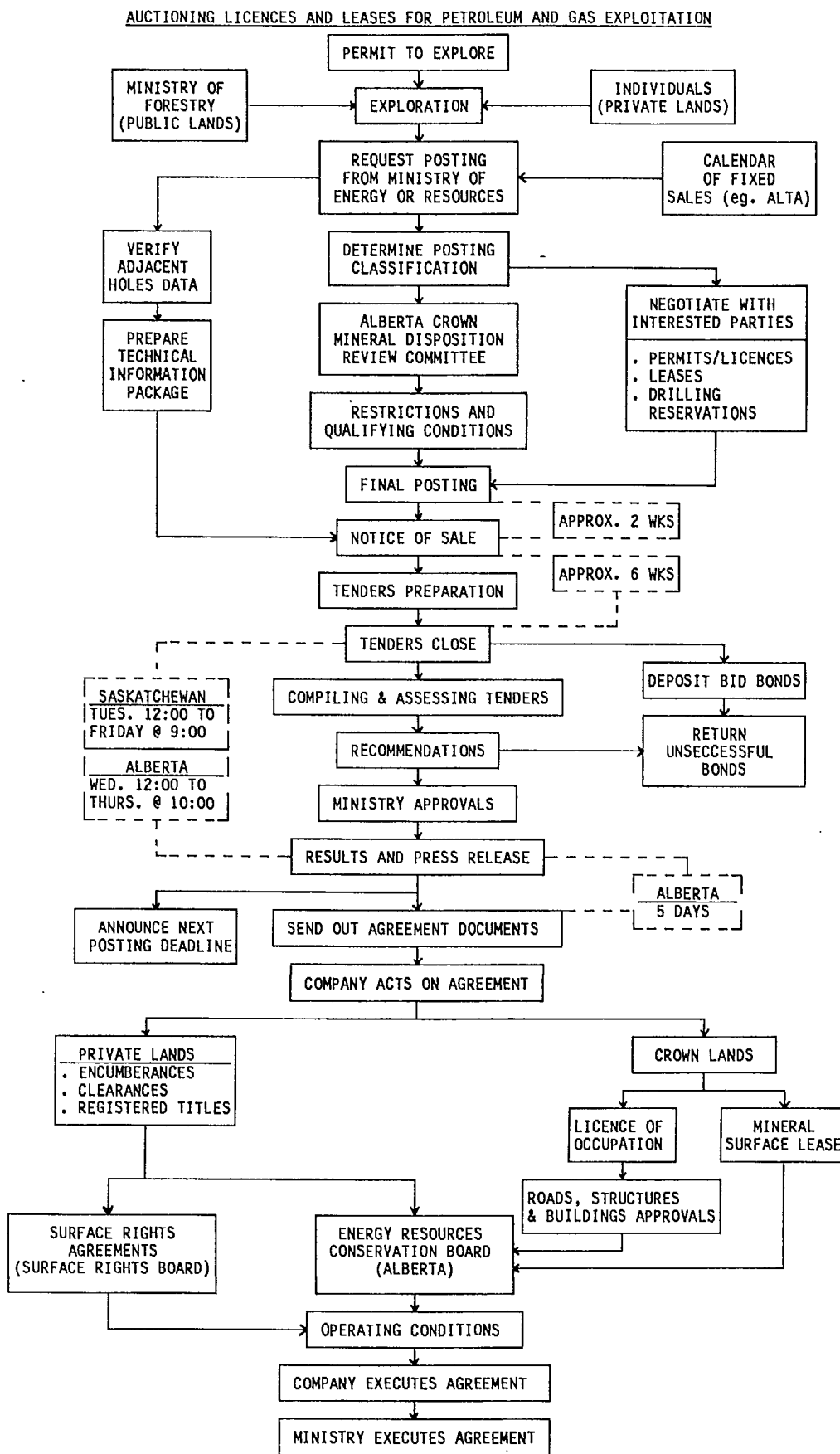
3.1.1 Alberta

Petroleum exploration in Alberta is conducted under either a "Reservation" or a "Permit" depending on the township involved. A reservation has an initial term of four months. When drilling is undertaken, six further renewals of three months each may be given. A reservation holder may obtain a lease covering no more than 50 percent of the reservation area. (In certain instances, the lease which the holder of a reservation is entitled to apply for, covers only $\frac{1}{4}$ of the area subject to the reservation. A permit grants the same rights as a reservation, but gives its holder the right to acquire leases over 100 percent of the permit area.

Leases are for production of oil and natural gas for a term of ten years or so long as petroleum is produced thereunder.

Maximum area of the lease is 5,760 acres.

3.1 PETROLEUM & GAS (Cont'd)



3.1 PETROLEUM & GAS (Cont'd)

Lois et règlements

Loi sur le pétrole et le gaz du Canada

Le Projet de loi C-48, *Loi sur le pétrole et le gaz du Canada*, présenté au Parlement à la fin de 1980, a été étudié par le Comité permanent de la Chambre des communes sur les ressources nationales et les travaux publics au début de l'année suivante. Le comité a proposé plusieurs amendements à la Loi à la demande de l'industrie pétrolière, des groupes autochtones, des administrations territoriales et d'autres groupes intéressés. À la fin de l'année, le Projet de loi a été adopté en troisième lecture par la Chambre des communes et le Sénat et la Loi a été promulguée le 5 mars 1982. Cette Loi est l'une des mesures les plus importantes du Programme énergétique national lancé en octobre 1980. D'autres textes de loi devaient être présentés au début de 1982 concernant le régime de taxes, les intérêts canadiens, les stimulants et autres éléments du programme d'exploration et de développement des ressources de pétrole et de gaz naturel dans les régions reculées du Canada.

La *Loi sur le pétrole et le gaz du Canada* a remodelé complètement le régime de gestion des activités d'exploration, de développement et d'exploitation des ressources de pétrole et de gaz naturel des régions reculées du Canada qui a été confié à un nouvel organisme, l'Administration du pétrole et du gaz des terres du Canada. Afin de protéger les intérêts canadiens, la Loi stipule que 25 p. cent des droits d'exploration sont réservés à la Couronne, qui peut les céder à Pétro-Canada, à d'autres sociétés de la Couronne ou à des sociétés canadiennes par voie d'appels d'offres. Conformément à la Loi, seules les sociétés appartenant au moins à cinquante pour cent à des intérêts canadiens peuvent obtenir un permis d'exploitation.

Règlement sur les terres pétrolifères et gazifères du Canada

La Loi stipule que le règlement reste en vigueur tant qu'il n'est pas remplacé par un nouveau règlement. Cependant, certaines dispositions concernant en particulier le régime des concessions, devraient entrer en vigueur dès la promulgation de la Loi. Les droits préférentiels accordés à Pétro-Canada devraient être révoqués. Toutefois, de nombreuses dispositions concernant notamment la répartition des terres, la présentation des demandes, les avis, la diffusion des rapports et autres documents devraient continuer de s'appliquer pendant un certain temps. De nouvelles dispositions devront être adoptées en ce qui concerne les coûts et investissements entrant dans le calcul des redevances, le dépôt des documents, les droits et les frais, les accords d'exploitation et le règlement des litiges.

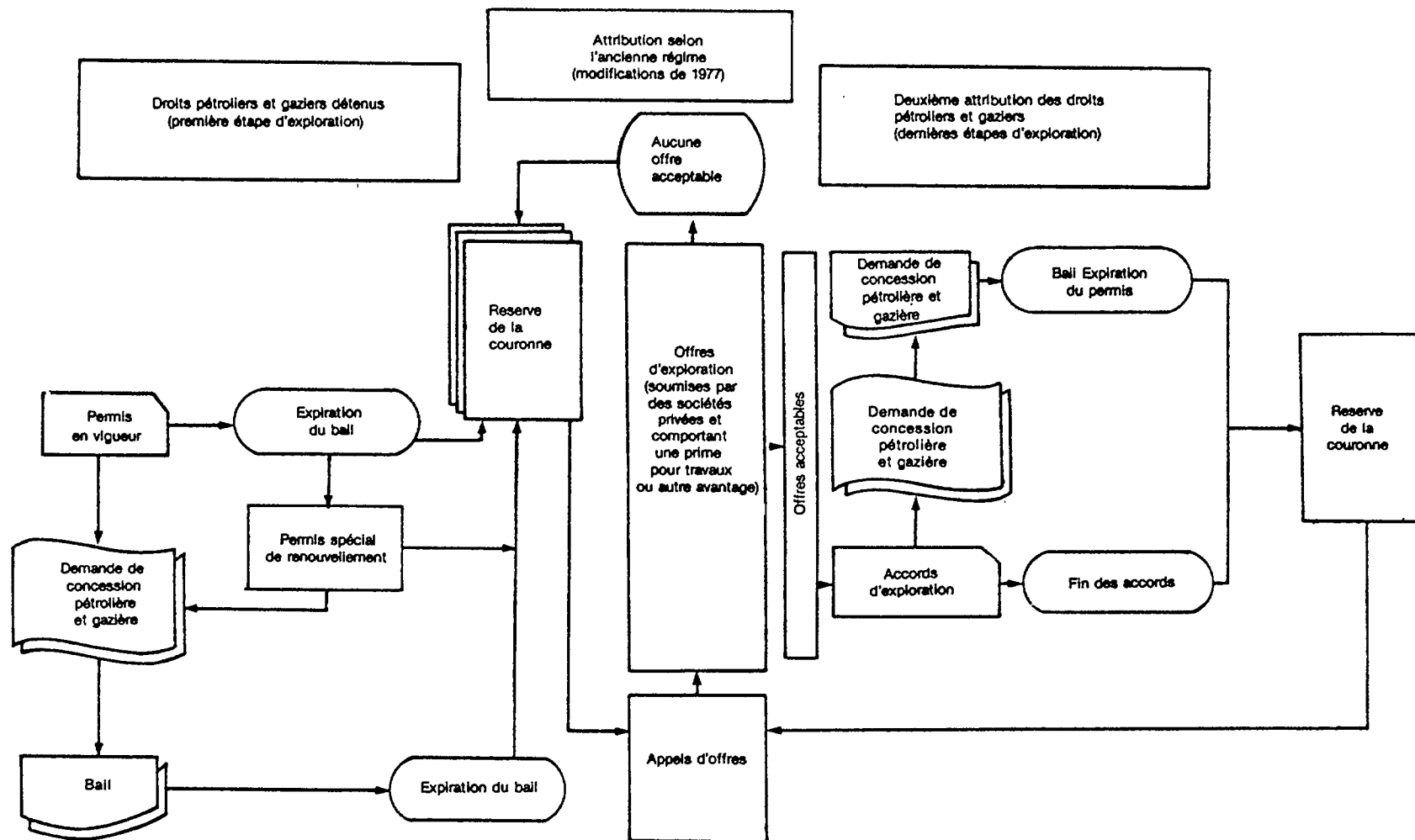
Les figures 5 et 6 indiquent les conditions attachées aux permis délivrés en vertu du *Règlement sur les terres pétrolifères et gazifères du Canada* actuellement en vigueur. La figure 5 précise la durée du permis, les renouvellements accordés et le montant des travaux exigés à l'acre* pour chaque période; la figure 6 indique les conditions attachées aux renouvellements spéciaux. La figure 7 illustre le mode d'attribution des droits pétroliers et gaziers et les divers mécanismes prévus par le Règlement.

*Les superficies figurant dans les lois et règlements étant exprimées en acres, on n'a pas jugé bon de convertir ces données en hectares.

(Reprinted from: "Pétrole et Gas Activités 1981")

3.1 PETROLEUM & GAS (Cont'd)

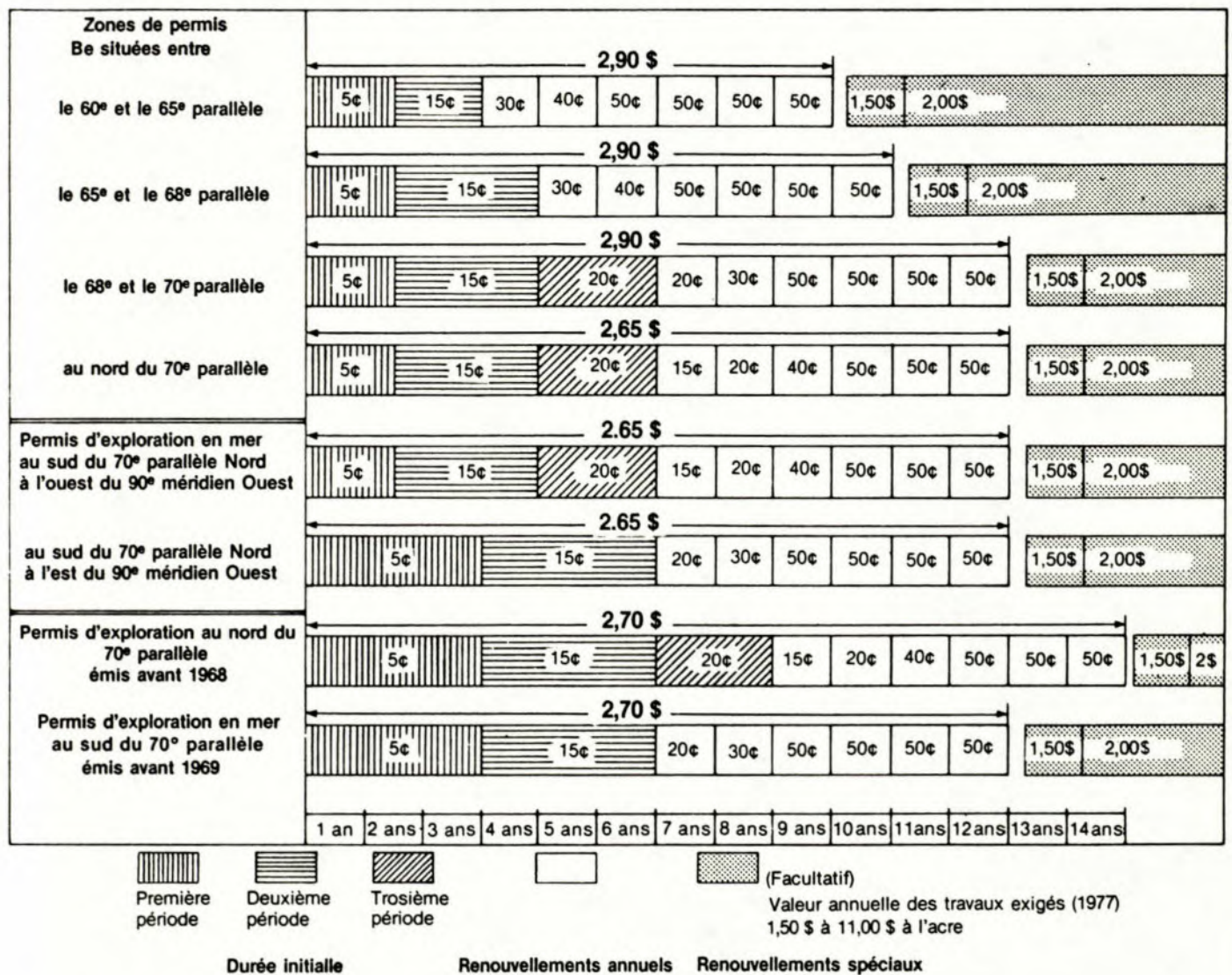
Schéma du mode d'attribution des droits pétroliers et gaziers



(Reprinted from: "Pétrole et Gas Activités 1981")

3.1 PETROLEUM & GAS (Cont'd)

Durée des permis et montant des travaux exigés à l'acre.
Yukon et Territoires du Nord-Ouest



(Reprinted from: "Pétrole et Gas Activités 1981")

3.2 MINES

Section 109 of the British North America Act provides that all lands, mines, minerals, and royalties belonging to the several Provinces at the Union shall belong to the Provinces in which they are situate or arise.

The provinces have adopted two methods of identifying, or "staking" lands for exploration and eventual exploitation:

- MAP STAKING
- GROUND STAKING

In the first, an interested party approaches the Ministry of Mines, and selects the area of interest from detailed topographical maps. These show the province in small rectangular parcels, as per the "Township" and "Range" method of subdivision. Once a licence is approved, it is registered on the master map by the "Mining Recorder" for all to see.

The "Ground Staking" procedure requires that a physical mark be left on the ground first, then the exact coordinates of the surface selected are transferred to a recording map. Procedures are in place with every province, defining how to place identifying posts at the corners of the land; how to label (or "tag") these posts; and how to clear (or "blaze") a line of sight from one post to the next. This procedure is very labour-intensive. Furthermore, it entails access to property and cutting vegetation on land that may be owned by others, with all the subsequent legal implications. Details can be found in the literature cited in Appendices 8.3 and 8.4.

The tables that follow on pages 11 to 15 are intended to show the variety of issues addressed and the variances that exist from province to province.

3.2 MINES (Cont'd)

MINERAL EXPLORATION LICENCES & PERMITS
OVER WIDE AREAS

	SASKATCHEWAN	MANITOBA	ONTARIO	QUEBEC (SPECIFIC AREAS ONLY)	NOVA SCOTIA & P.E.I.	NORTHWEST TERRITORIES
PERMITS:	yes					
* Application Period: from	1 dec.	31 oct.				1 dec.
to	31 mar.	30 apr.				31 dec.
* Exploration Program Needed		yes				yes
* Fee		yes				
* Deposit (Amount)		yes				
* Area Licensed is Publicized						yes
SPECIAL PERMITS FOR:						
* Specific Area		yes		65 to 400 sq.km.		
* Particular Terms		yes				
* Established Period(s)		yes		yes		
LICENCE OF OCCUPATION			yes			
LICENCE					yes	
* Fee						
* Deposit						
* Annual Charges			\$ 1,000.	yes		
* Duration of			3 years			
* Maximum Surface			64,000 acres	30,000 hect.		
* Work/acre/year			\$ 1.00	yes		
* Work/year total-minimum			\$25,000.	yes		

NOTES: (1) There is no licence that gives exclusive exploration rights to large areas in these provinces:

- Alberta
- British Columbia
- New-Brunswick
- Newfoundland
- Quebec
- Yukon

3.2 MINES (Cont'd)

MINING LEGISLATION AND PRELIMINARY LICENSING REQUIREMENTS

	BRITISH COLUMBIA	ONTARIO	QUEBEC	NEW- BRUNSWICK	NORTHWEST TERRITORIES
NAME OF LICENCE	(A)	(D)	(D)	(B)	(C)
APPLICANTS:					
- Canadian Resident	Yes	Yes	Yes	Yes	Yes
- Person's Age	18	18	18	16	18
- Canadian Corporation	Yes	Yes	Yes	Yes	Yes
- Non-Canadians	Yes	?	Yes	No	?
PROCEDURES:					
- Fee	Yes	Yes	Yes (\$25.)	Yes	Yes
- Expiry Date	to be defined	31 March yearly	12 months	indefinite	31 March yearly
- Renewable	Yes	one year	not specified	N/A	not specified
- Suspension	Yes	Yes	Yes	Yes	Yes
TRANSFERABILITY	?	No	No	No	No
HOLDING MULTIPLE PERMITS	?	No	Unlimited	?	No
LIMIT OF EXPLORATION:					
- Unsurveyed Territory			80 hectares		
- Surveyed Territory			90 hectares		

- NOTES: 1. The following provinces have no "Preliminary Licensing Requirements":
- Alberta
 - Manitoba
 - Newfoundland
 - Nova Scotia
 - Prince Edward Island
 - Saskatchewan
 - Yukon
2. The legend for "Name of Licence":
- (A) Free Miner Certificate
 - (B) Prospecting Licence
 - (C) Licence to Prospects
 - (D) Prospector's Licence

3.2 MINES (Cont'd)

MINING LEASES DURATION & RENEWABILITY

	B.C.	ALTA.	SASK.	MAN.	ONT.	QUE.	N.B.	N.S.	P.E.I.	NFLD.	YUK.	N.W.T.
LEASE VALIDITY PERIOD												
* Initial	21 yrs	10 yrs	21 yrs	21 yrs	21 yrs	5 to 20 years	20 yrs	20 yrs	20 yrs	25 yrs	21 yrs	21 yrs
* First Renewal	21 yrs	15 yrs		21 yrs		10 yrs	20 yrs	20 yrs	20 yrs	10 yrs	21 yrs	21 yrs
* Consequent renewals (no./duration of each)			yes/ 21 yrs	yes/ 21 yrs	yes/ 21 yrs	3/ 10 yrs	2/ 20 yrs			yes/ 10 yrs	yes/ 21 yrs	yes/ 21 yrs
ANNUAL WORK REQUIREMENT												
* Bonafide + report							yes	yes	yes			
* None				yes	yes	yes					yes	yes
* Initial: \$/area		10/hect.	5/acre			2.50/hect						
* Renewal: \$/area				1,250/ hect.								
* \$/claim unit	\$400											
* Rentals in lieu			yes		yes	yes	yes				yes	yes
* Roll-over excess		yes	yes			yes	yes					
* Grouping of leases		yes				yes	yes					
* Statement of costs												
* Time for depositing statement of costs after anniversary							30 days	30 days	30 days			
* Limited to start of production	yes					2 yrs				5 yrs		
* Stop payment at production												
RENEWAL BASED ON												
* Proof of performance		yes	yes	yes		yes		yes	yes	yes	yes	yes
TIMING RENEWAL APPLICATION												
* Time prior to expiry					90 days	yes	6 mths	6 mths	6 mths	3 mths		

3.2 MINES (Cont'd)

ACQUISITION OF MINERAL INTERESTS (PERMITS/LICENCES/CLAIMS)

	B.C.	ALTA.	SASK.	MAN.	ONT.	QUE.	N.B.	N.S.	P.E.I.	NFLD.	YUK.	N.W.T.
ELIGIBILITY REQUIREMENTS												
* Age	18	18			18	18	16	19	18	19	18	18
* Canadian Citizen	yes	yes		yes	yes	yes	yes	yes	yes		yes	yes
* Canadian Corporation	yes	yes		yes	no @	yes	yes	yes	yes		yes	yes
* Other Corporations	yes	yes			no @	yes		yes	yes		yes	
PROCEDURAL REQUIREMENTS												
* Application Period: from			1 dec.	31 oct.								1 dec.
to			31 march	30 apr.								31 dec.
* Public Tendering		yes										
* Exploration Program				yes					yes	yes		yes
* Application Fee		\$25.	\$25.	\$250.	yes	\$25.00	yes	yes	yes	yes		yes
* Deposit for Work: \$/surface \$(cash)		\$10/hect.		\$25,000.								\$/1st per
DEPOSITING CLAIMS												
* Ground Staking	yes		yes	yes	yes	yes	yes			yes	yes	yes
* Map Selection			yes	yes					yes	yes		
* Reserved Areas Licensing						yes				yes		
* Statement (Prescribed form)	yes		yes	yes	yes	yes					yes	
* Sketch	yes		yes	yes	yes	yes					yes	yes
* Recording Fee	yes		yes	yes	yes					\$50.	yes	yes
* Delay from staking to recording	30 days		30 days	30 days	31 days	15-30 days	21 days			30 days	15 days minimum	60 days
* Claims/year (max.)	8(2 post)					yes				10		

Note: @: A licence held by a company shall not be used for the staking of claims.

3.2 MINES (Cont'd)

ACQUISITION OF MINERAL INTERESTS (MINING LEASES)

	B.C.	ALTA.	SASK.	MAN.	ONT.	QUE.	N.B.	N.S.	P.E.I.	NFLD.	YUK.	N.W.T.
PROCEDURAL REQUIREMENTS												
* Valid Permit or Licence		yes	yes		yes	yes		yes	yes	yes		
* Work Requirement Met		yes		\$625/hect.	yes	yes	yes			yes	\$500/cl.	yes
* Application plus - fee	yes	\$50		yes			yes				yes	yes
- rental		1st yr		1st yr	1st yr		1st yr	yes	yes		yes	1st yr
* Claim in Good Standing	yes	yes		yes	yes		yes	yes	yes	yes	yes	yes
* Claim Surveyed	yes			yes	yes	yes	yes	yes	yes	yes	yes	yes
* Advertised Intent	yes										yes	
* Minimum Canadian content												yes
* Maximum Time After Recording Claim			3,740 days		365 days							3,680 days
PRODUCTION PARTICULARS												
* Ore Body Identified						yes	yes	yes	yes		yes	
* Feasibility or Engineering Study						yes	yes	yes	yes			
* Identification of Parties & Interests							yes					
* Surface Owner Settlement (proof)							yes					
* Security Bond for Costs (Reclamation & Environmental)							yes					
* Title to Privately-Owned Minerals							yes				yes	
APPROVALS												
* Minister of Environment							yes					
* Minister of Agriculture							yes					
* Minister of Rural Development							yes					

3.2 MINES (Cont'd)

The next page shows Alberta's approach to resolving the constraints imposed upon the licensing system by vast differences in land use, population density, geographic features, and environmental characteristics, among other factors. By dividing the Province into these four "categories", they were able to draft specific procedures for each region.

The flow diagrams on pages 18 to 20 are intended as examples of approvals sequences that could be adapted for other domains, with proper modifications.

3.2 MINES (Cont'd)

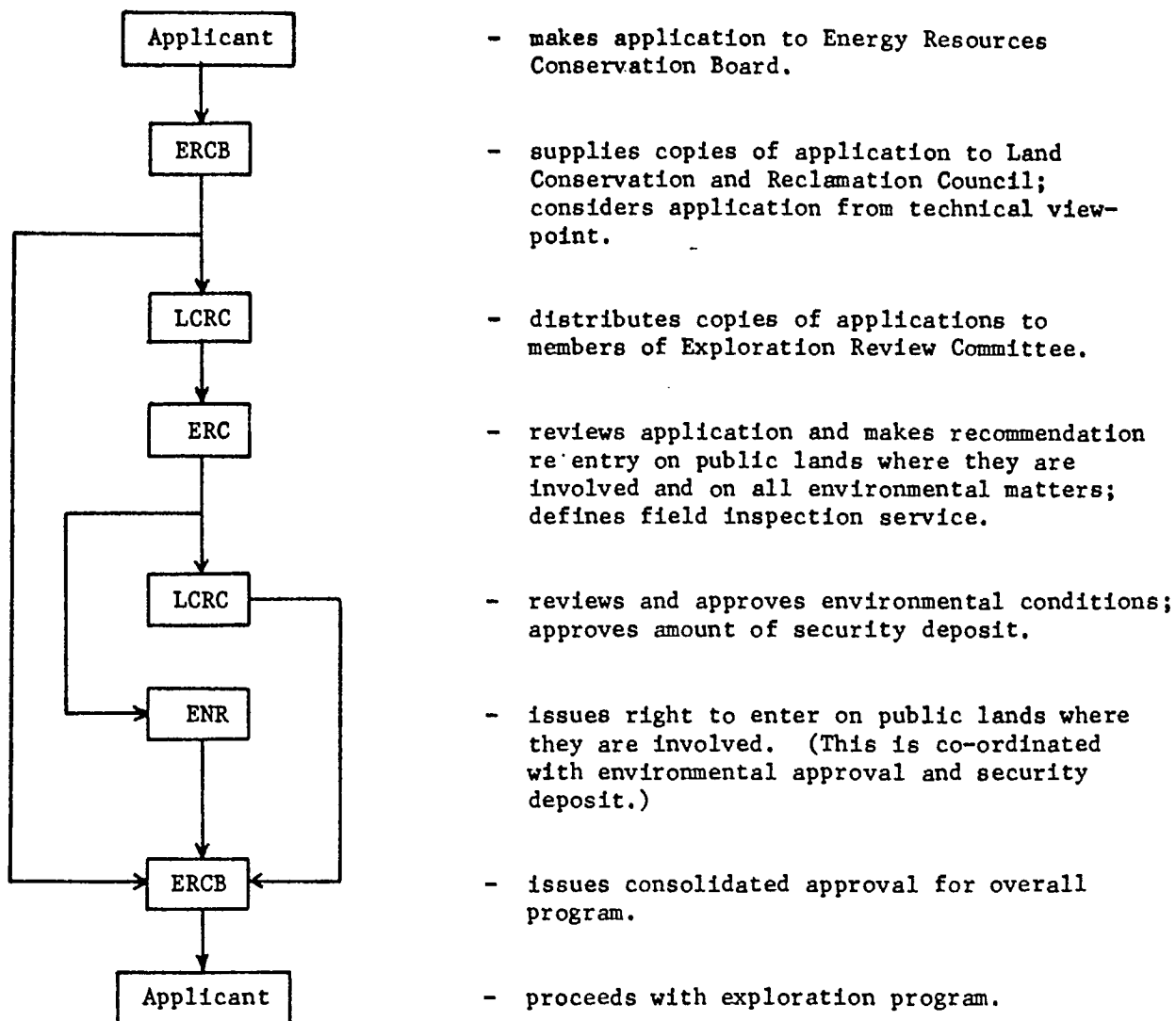
SUMMARY OF CLASSIFICATION OF LANDS FOR PURPOSES OF COAL EXPLORATION AND DEVELOPMENT ALBERTA

	CATEGORY 1 (Mountains & Other)	CATEGORY 2 (Mountains & Foothills)	CATEGORY 3 (Plains & Northern)	CATEGORY 4
<i>CRITERIA</i>	<p><i>Includes areas for which:</i></p> <ol style="list-style-type: none"> Alternative land uses have been established not reconcilable with coal operations. Environmental sensitivity is high. 	<p><i>Includes areas in the Foothills and Mountains for which:</i></p> <ol style="list-style-type: none"> The preferred land or resource use remains to be determined. Environmental sensitivity is moderate, except for specific situations of high sensitivity. Infrastructure facilities are generally absent. 	<p><i>Includes areas outside of the Foothills and Mountains for which:</i></p> <ol style="list-style-type: none"> Potential land use conflicts remain to be resolved, especially with respect to agricultural lands. Environmental sensitivity is not critical, except for specific situations. Infrastructure facilities are generally absent or only partly developed. 	<p><i>Includes all areas not placed in Categories 1, 2 and 2A</i></p>
<i>EXPLORATION</i>	None	Limited exploration permitted under strict control.	Exploration permitted under normal approval procedures.	Exploration permitted under normal approval procedures.
<i>DEVELOPMENT</i>	None	Restricted development - underground or in-situ only.	Restricted development.	Development permitted under normal approval procedures.
<i>EXISTING LEASES</i>	<ol style="list-style-type: none"> Sell back to Government Continue to expiration of term. * <p style="text-align: center;"><i>or</i></p>	<ol style="list-style-type: none"> Sell back to Government Continue with option to renew. <p style="text-align: center;"><i>or</i></p>	<ol style="list-style-type: none"> Sell back to Government Continue with option to renew. <p style="text-align: center;"><i>or</i></p>	Continue with option to renew.
<i>NEW DISPOSITIONS</i>	None	<ol style="list-style-type: none"> Applications for leases accepted where exploration approved. Leases issued where development approved. 	<ol style="list-style-type: none"> Applications for leases accepted where exploration approved. Leases issued where development approved. 	Leases issued.

* but without option to renew except in certain leases originally granted by Canada.

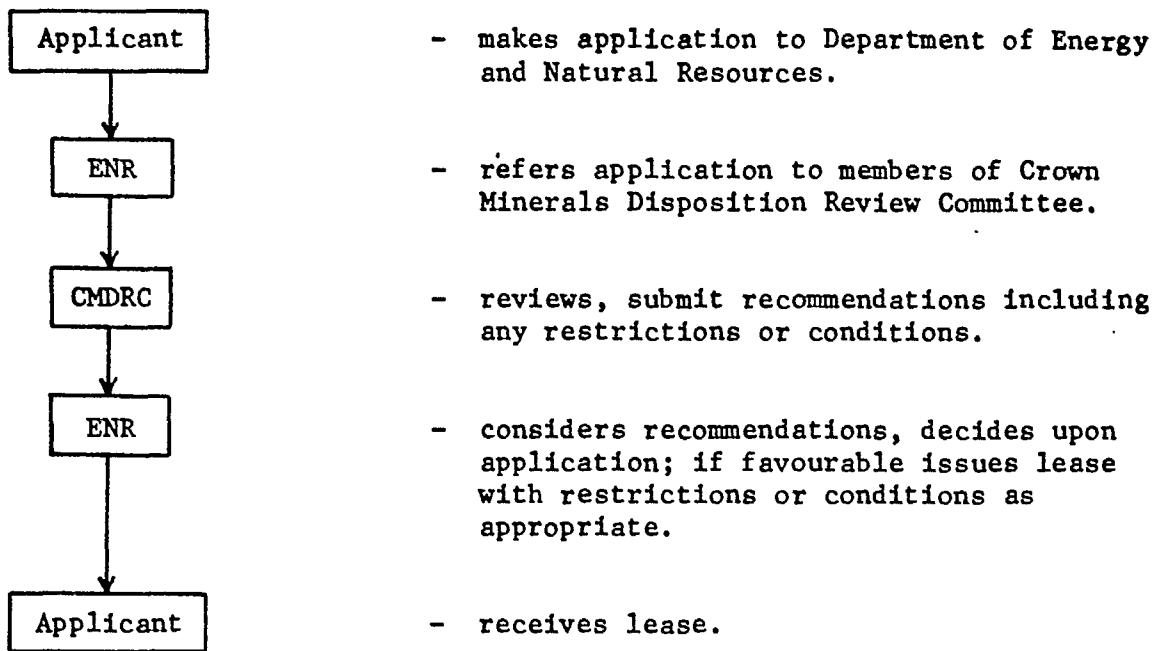
3.2 MINES (Cont'd)

PROCEDURE FOR OBTAINING AUTHORIZATION TO CONDUCT EXPLORATION FOR COAL
ALBERTA

ABBREVIATIONS

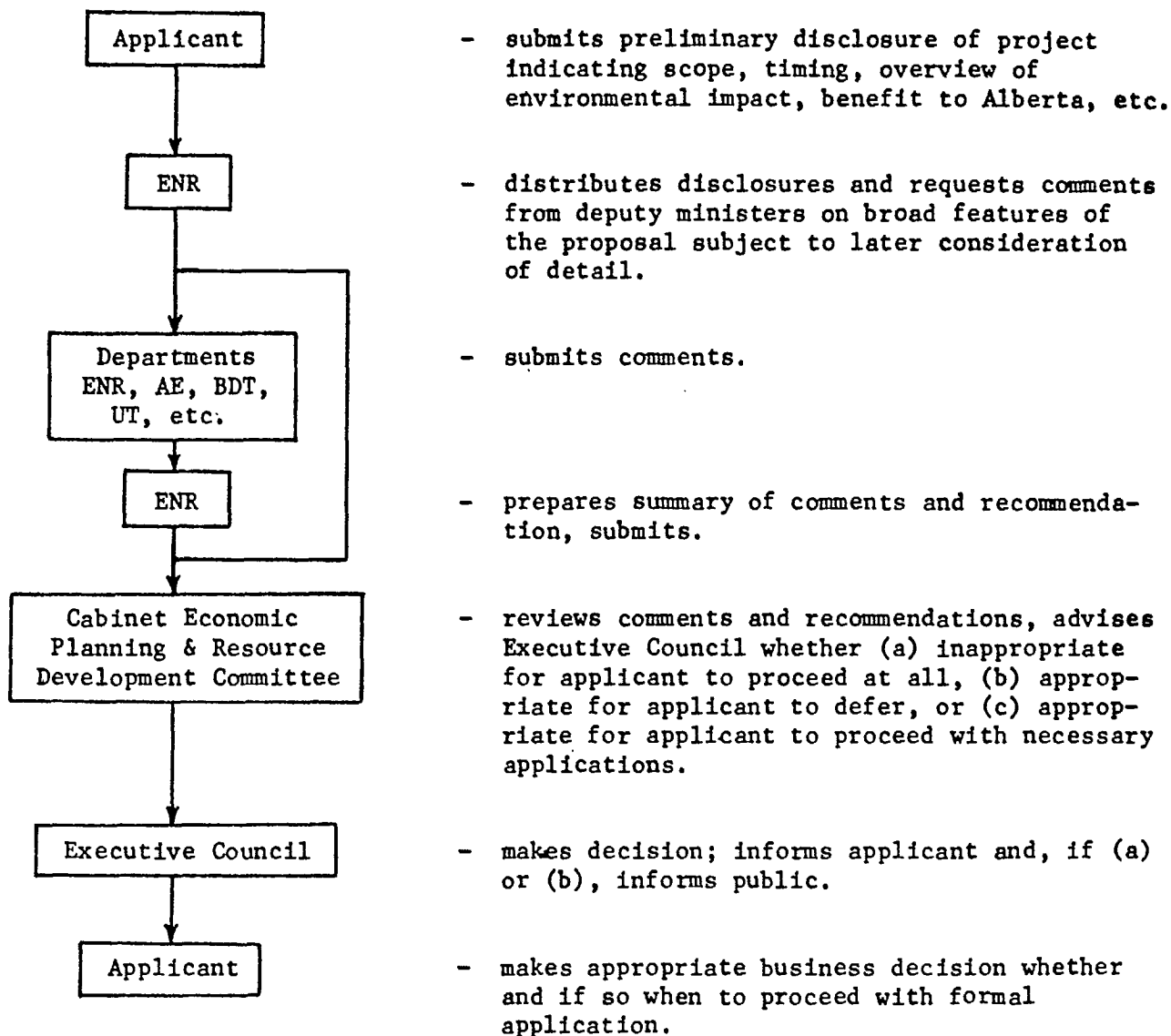
ERCB	<i>Energy Resources Conservation Board</i>
LCRC	<i>Land Conservation and Reclamation Council</i>
ENR	<i>Department of Energy and Natural Resources</i>
ERC	<i>Exploration Review Committee representing Departments of Energy and Natural Resources, Environment, Recreation, Parks and Wildlife, the Energy Resources Conservation Board and others.</i>

3.2 MINES (Cont'd)

PROCEDURE FOR OBTAINING LEASE OF CROWN COAL RIGHTSABBREVIATIONS

ENR *Department of Energy and Natural Resources*
 CMDRC *Crown Minerals Disposition Review Committee representing the Energy Resources Conservation Board, the Departments of Energy and Natural Resources and Environment, and other concerned Departments.*

3.2 MINES (Cont'd)

PROCEDURE OF PRELIMINARY DISCLOSURE - ALBERTAABBREVIATIONS

ENR	<i>Department of Energy and Natural Resources</i>
AE	<i>Alberta Environment</i>
BDT	<i>Department of Business Development and Tourism</i>
UT	<i>Department of Utilities and Telephones</i>

Reprinted From: "A Coal Development Policy for Alberta", June 15, 1976

3.3 LANDS & PARKS & WILDLIFE

This sector was investigated from two perspectives:

- Use of Lands for private and Commercial purposes
- Licensing the hunting of wildlife and Fishing

The sector makes a valid contribution to the study for five major characteristics:

- i) Issuance of a restricted number of permits to an overwhelming applicant population
- ii) The cyclical demand patterns
- iii) The existence of "sub-agents" across the province to represent the Ministry in processing applications and issuing licences
- iv) The inherent elements of control and exclusion or restriction:
 - selected species and quantities
 - age of applicants
 - controlled method of hunting, fishing (exploitation)
 - seasonal controls
- v) The use of a "random number" generator to select successful candidates

3.3 LANDS & PARKS & WILDLIFE (Cont'd)

SPECIAL HUNTING LICENCE AND AUTHORIZATION DRAWS (ALBERTA)

GENERAL INFORMATION

Applicants may submit one application for each draw except:

You may apply for only ONE of the following: SPECIAL ANTLERLESS ELK LICENCE, SPECIAL WMU 243 ELK LICENCE, SPECIAL WMU 300 ELK LICENCE, SPECIAL CYPRESS HILLS ELK LICENCE, SPECIAL BLACK DIAMOND ELK LICENCE, ANTLERLESS MOOSE AUTHORIZATION AND ANTLERED MOOSE AUTHORIZATION.

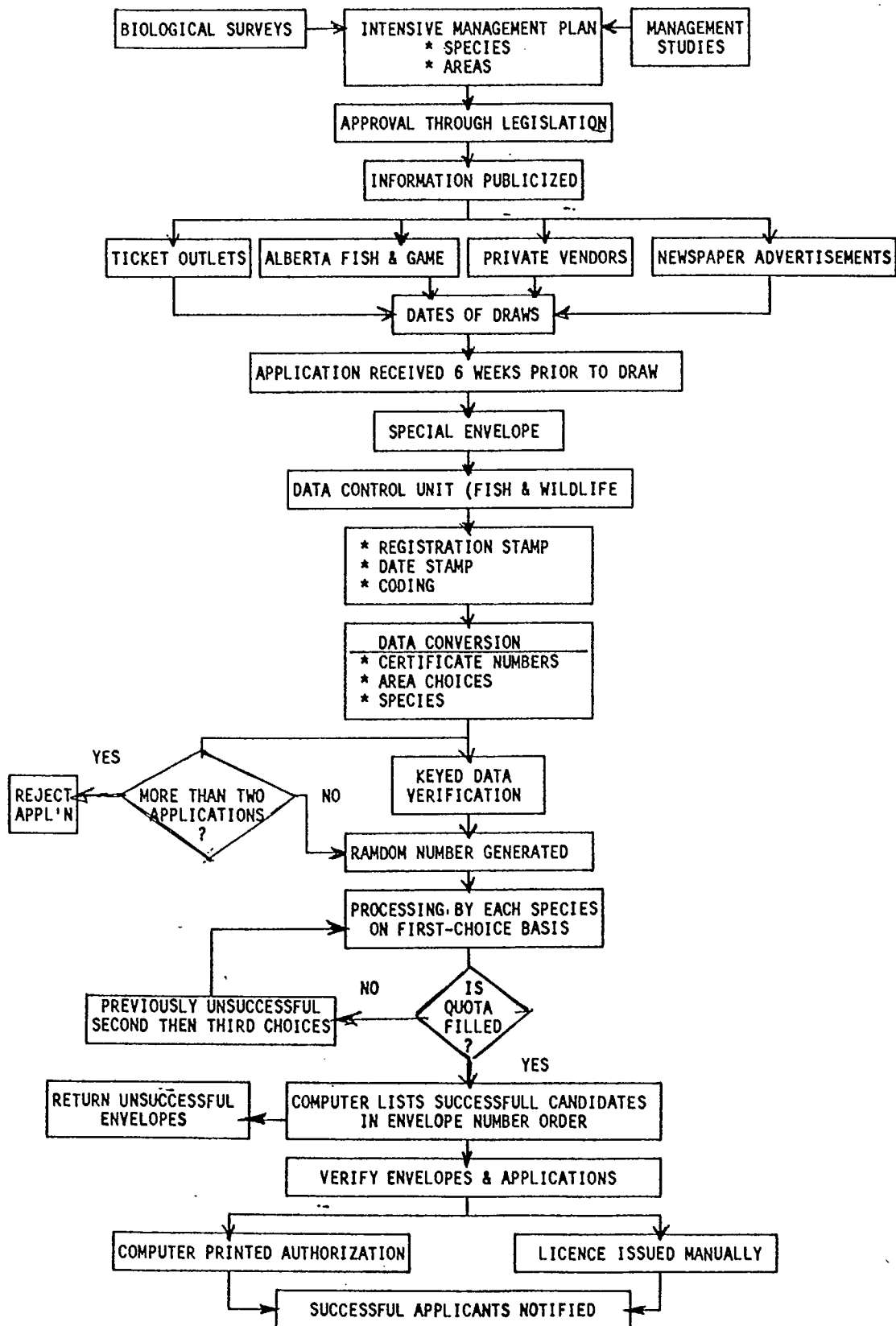
2. A draw selection priority system has been introduced. Applicants who applied in 1985 and were not selected will be given priority in that draw in 1986. Please ensure the section of the draw envelope asking if any applicants were drawn in 1985 is completed. Applications submitted in an envelope which contains the application of a person drawn for that special licence or authorization in 1985 or a person who did not apply for that special licence or authorization in 1985 will NOT be given priority.
3. An additional WMU choice has been added. Applicants who indicate "ANY" as a choice will have the opportunity of being issued an authorization or special licence in an undersubscribed area if an authorization or special licence was not available in their 1st, 2nd and 3rd choices. Please ensure you are willing to go wherever assigned, as special licenses or authorizations cannot be cancelled after issue.
4. A bowhunter must possess a special licence or authorization to hunt the following species of big game animals in the archery season.
 - Trophy and Non-Trophy Antelope
 - Antlerless and Antlered Moose in Big Game Zones 6, 7 and 12
 - WMU 243 Elk
5. Each applicant must purchase a 1986 Wildlife Certificate to apply for the draws (except non-residents applying for a Special Trophy Antelope Licence: See page 6).
6. All applications must be received by June 27 at the following address (except for Spring Grizzly Bear):

Fish and Wildlife Division
P.O. Box 2223
Edmonton, Alberta
T5J 2P4

Applications may also be left at Fish & Wildlife District Offices except Nordegg, Fort Chipewyan and Elbow.
7. All information required on the application form and envelope must be complete and legible. Missing or incomplete information will result in the application being rejected.
8. A maximum of four applicants may submit applications in one envelope except for Fall Grizzly Bear, in which only one application may be submitted in an envelope.
9. Each application must be accompanied by the appropriate fee (certified cheque or money order).
10. If an application is selected in a special licence draw, is correctly completed and is accompanied by the required fee, a computer printed special licence and paper tag will be issued.
11. If an application is selected in an authorization draw and is correctly completed, a computer printed authorization will be issued.
12. Application forms must be purchased for a non-refundable fee of \$3.00 each.
13. Envelopes which are not drawn will be returned. Be sure a complete name and address is accurately recorded on the envelope.

(Courtesy of: Alberta Fish & Wildlife Division)

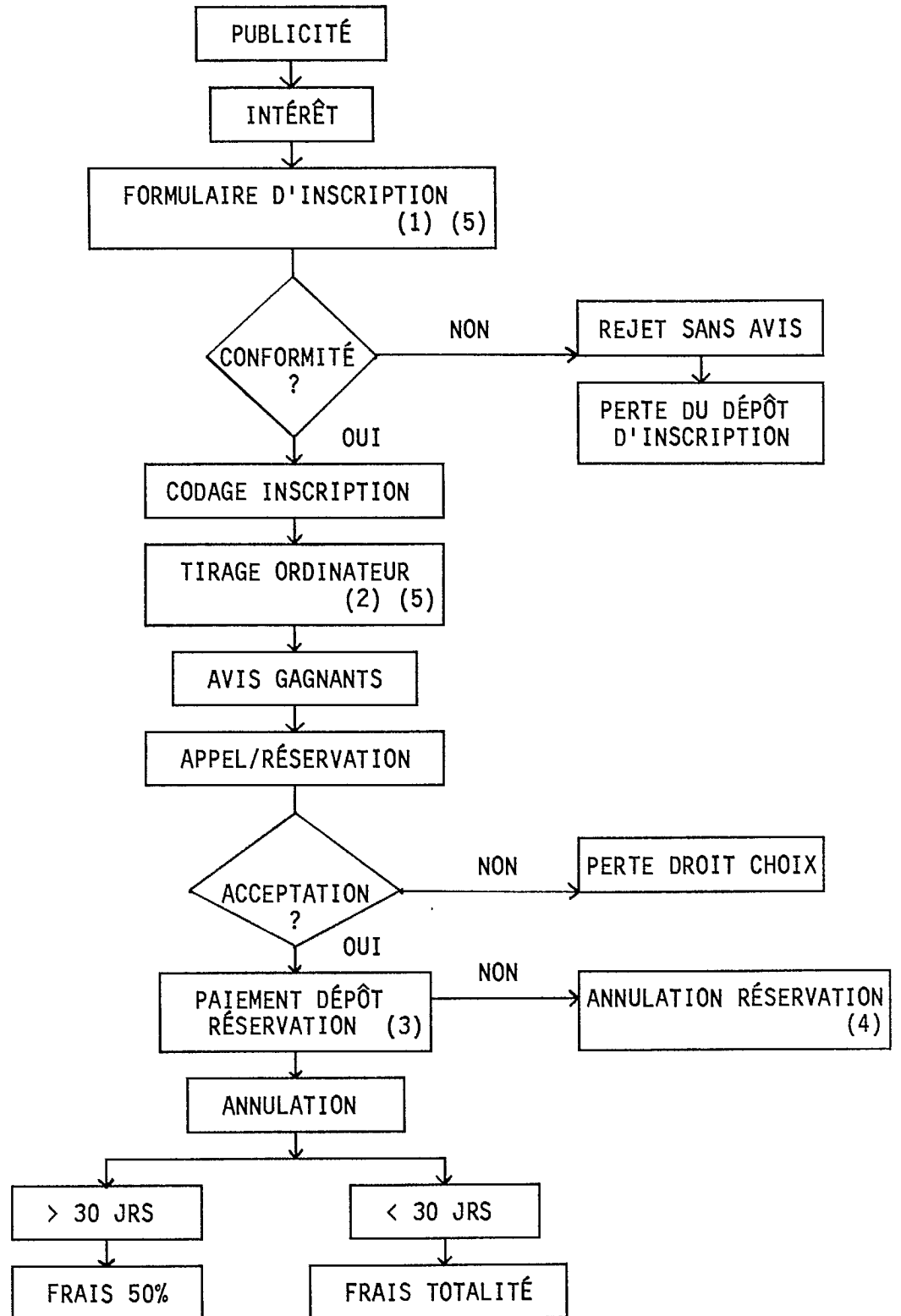
3.3 LANDS & PARKS & WILDLIFE (Cont'd)

3.3.1 SPECIAL LICENCE & AUTHORIZATION DRAWS (FISH AND WILDLIFE DIVISION)
ALBERTA ENERGY & NATURAL RESOURCES

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.2

HÉBERGEMENT DANS LES PARCS ET RÉSERVES
FAUNIQUES DU QUÉBEC (LOISIRS CHASSE ET PÊCHE)



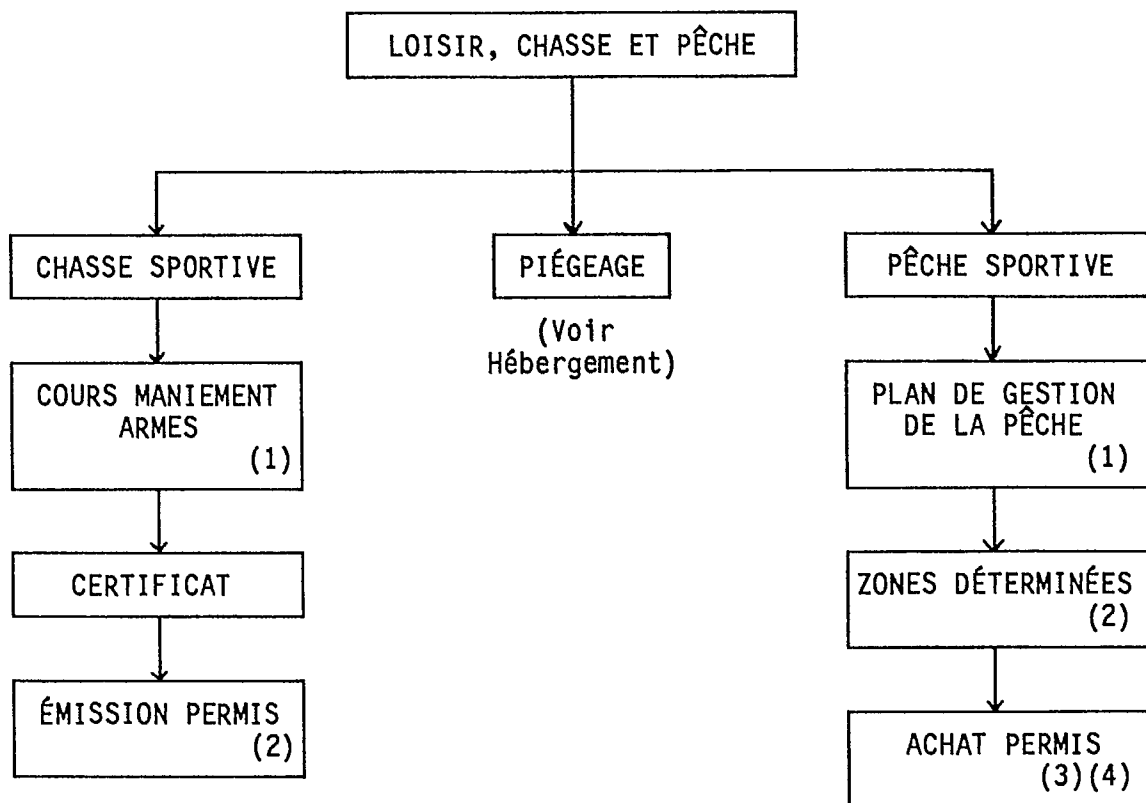
3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.2 HÉBERGEMENT DANS LES PARCS ET RÉSERVES FAUNIQVES DU QUÉBEC (Suite)

Notes:

- (1) Coût: 4,00 \$ non remboursable
Âge: au moins 18 ans
Date: spécifiée lors publicité
Identification: numéro téléphone et assurance-maladie obligatoirement indiqués
- (2) Tirage: 4,000 noms
- (3)
 - . Versement du dépôt dans les 7 jours de l'acceptation de réservation
 - . Possibilité de 2 chalets voisins - max. 8 personnes
 - . Maximum 14 jours consécutifs
 - . Paiement 20% du coût de réservation (variable) - minimum: 100,00 \$
 - . Solde par chèque postdaté - date antérieure d'au moins 60 jours à la date prévue du début du séjour.
- (4) Annulation automatique si:
 - . Non respect du délai
 - . Paiement non honoré par institution financière
- (5) Processus similaire pour:
 - . Chasse à l'original
 - . Chasse du cerf de Virginie à Anticosti
 - . Cerfs sans bois
 - . Octroi de terrains et unités de piégeage disponibles

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.3 PROCESSUS D'ÉMISSION DE PERMIS AUX FINS RÉCRÉATIVESPÊCHE ET CHASSE SPORTIVES

Notes: CHASSE

- (1) . Cours sur sécurité des armes à feu - obligatoire
 - . si non résident, fournir preuve d'aptitude à pratiquer la chasse à l'arme à feu
 - . âge: 12 ans
- (2) . Permis disponibles auprès de 2000 commerçants en boutiques spécialisées et kiosques du ministère Loisir, Chasse et Pêche
 - . coût variable selon résidents ou non-résidents et catégories de permis
 - . valide: 5 ans
 - . renouvelable
 - . 7 catégories de permis:
 - petit gibier et autres espèces
 - caribou et autres espèces
 - cerfs de Virginie et autres espèces

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.3 PROCESSUS D'ÉMISSION DE PERMIS AUX FINS RÉCRÉATIVES (Suite)

- . catégories de permis (suite)
 - cerfs de Virginie (zone 2 - Île d'Anticosti)
 - ours noir et autres espèces
 - orignal et autres espèces
 - lièvre (chasse avec collets)
- . si 12 à 16 ans exclusivement, classe à arme à feu permise si personnes accompagnées d'une personne âgée d'au moins 18 ans
- . permis pour les zones - 25 au Québec - selon saisons/limites de prise et de possession
 - selon saisons dans les zones exploitation contrôlées (ZECS) 67
 - selon saisons dans réserves fauniques

PÊCHE

- (1) Plan annuel élaboré chaque année par ministère Loisir, Chasse et Pêche. Répartition des ressources halieutiques par ordre de priorité:
 1. stock reproducteur
 2. pêche à des fins d'alimentation
 3. pêche sportive
 4. pêche commerciale
 - (2) 25 zones au Québec - limites de prises dans chaque zone et saisons de pêche déterminées
 Pêche dans les zones exploitations contrôlées (ZECS)
 Pêche dans les parcs et réserves fauniques du Québec
 - (3) . Permis valide pour tout genre de pêche excepté saumon
 . Prix varient selon résidents et non-résidents
 + ou - 65 ans
 - (4) Catégories de permis - A: pêche à la ligne, arc, arbalète, bourolles, carrelet, épuisette, faène, pêche en plongée libre
 B: pêche à la ligne au saumon
 C: pêche d'hiver
 D: pêche au corégone au moyen d'un filet maillant, lac Témiscouata
- . Âge requis: 18 ans
 - < 18 et conjoint: pas permis
 - < 18 et avec groupe organisé: pas permis
 - . Permis non requis pour résidents dans certains cas.

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.3 PROCESSUS D'ÉMISSION DE PERMIS AUX FINS RÉCRÉATIVES (Suite)

PIÉGEAGE

- (1) Attribution des terrains et unités de piégeage disponibles attribués par tirage au sort.
 - Unités de piégeage disponibles dans les zones d'exploitation contrôlées (ZECS) et les réserves fauniques seulement. Permis valide pour un an sur territoire spécifique - droits exclusifs.
 - Coûts: permis + 30,00 \$ dans réserves ou les coûts en vigueur dans les ZECS..
 - Terrains de piégeage: dans les ZECS, réserves fauniques et terres publiques désignées.
 - Droit exclusif: renouvelable annuellement dans les ZECS et réserves fauniques
 - Bail de 9 ans sur terres publiques désignées
 - Coût: Permis + 50,00 \$ dans réserves fauniques
Permis + coûts en vigueur dans les ZECs
Permis + 1,00 \$/km² pour terrain sur terres publiques

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.4

CONCESSION DES TERRES PUBLIQUES ET DES DROITS S'Y RATTACHANT							
Tarifs révisés 1987-04-01 au 1988-03-31							
TITRES OU MODES DE CONCESSION FINS D'UTILITE PUBLIQUE	BAIL A COURT TERME	BAIL A LONG TERME	PERMIS D'OCCUPATION	VENTE	SERVIITUDES ET AUTORISATIONS DIVERSES	AUTRES MODES	REMARQUES
(ENTREPRISE PRIVEE)							
Radiodiffusion, télédiffusion, cablodiffusion téléphone	X (1)	X (1)		X 1 762,00 \$ 4 000 mètres carrés ou moins (3)	X Droit de passage		(1) Rente minimale de 131,00 \$ pour 4 000 mètres carrés ou moins, l'excédent calculé au prorata. (0,03275 \$ le mètre carré). Vente privilégiée pour espaces occupés par des bâtiments permanents. Droit de passage gratuit.
Transport aérien	X (2)	X (2)			X		(2) Rente minimale de 131,00 \$ pour 10 000 mètres carrés ou moins, l'excédent calculé au prorata. (0,0131 \$ le mètre carré). Entente spécifique. (3) L'excédent calculé au prorata. (0,4405 \$ le mètre carré).
Transport terrestre					X		
Conservation et protection de la forêt	X 15,00 \$/ha	X 15,00 \$/ha					Rente minimale 33,00 \$. Clause de retour dans le cas de vente.

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.4

CONCESSION DES TERRES PUBLIQUES ET DES DROITS S'Y RATTACHANT							
Tarifs révisés 1987-04-01 au 1988-03-31							
TITRES OU MODES DE CONCESSION	BAIL A COURT TERME	BAIL A LONG TERME	PERMIS D'OCCUPATION	VENTE	SERVITUDES ET AUTORISATIONS DIVERSES	AUTRES MODES	REMARQUES
FINS D'UTILITE PUBLIQUE							
(ENTREPRISE PRIVEE) (suite)							
Autres fins telles que chemin forestier, gazoduc, transport ferroviaire, ligne de transport d'énergie électrique.					X		Entente spécifique.
FINS COMMERCIALES ET INDUSTRIELLES							
Tous les cas de fins commerciales, incluant les piscicultures privées	X (1)	X (1)	X Rente mensuelle 17,00 \$ minimum 44,00 \$ (3)	X Privilégiée 1 762,00 \$ 4 000 mètres carrés ou moins (4)	X	X Bail emphytéotique	Avis préalable de la municipalité et du M.A.P.A.Q. et M.L.C.P. pour les piscicultures. (1) Rente minimale de 131,00 \$ pour 4 000 mètres carrés ou moins, l'excédent calculé au prorata. (0,03275 \$ le mètre carré)
Tous les cas de fins industrielles	X (2)	X (2)	X Rente mensuelle 17,00 \$ minimum 44,00 \$ (3)	X Privilégiée 1 762,00 \$ un hectare ou moins (5)	X		(2) Rente minimale de 131,00 \$ pour un hectare ou moins, l'excédent calculé au prorata. (4) L'excédent calculé au prorata. (0,4405 \$ le mètre carré).
	(3)		Pour une superficie d'un hectare ou moins, l'excédent calculé au prorata de la rente mensuelle.				(5) L'excédent calculé au prorata. (0,1762 \$ le mètre carré).

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.4

Tarifs révisés 1987-04-01 au 1988-03-31 CONCESSION DES TERRES PUBLIQUES ET DES DROITS S'Y RATTACHANT							
TITRES OU MODES DE CONCESSION FINS MUNICIPALES	BAIL A COURT TERME	BAIL A LONG TERME	PERMIS D'OCCUPATION	VENTE	SERVITUDES ET AUTORISATIONS DIVERSES	AUTRES MODES	REMARQUES
Approvisionnement en eau potable et industrielle, usine d'épuration des eaux usées, stationnement, site touristique	X 33,00 \$ pour un hectare ou moins (1)	X 33,00 \$ pour un hectare ou moins (1)		X privilegiée 335,00 \$ pour un hectare ou moins (2)	X Droit de passage		Ne comprend pas la protection des sources d'approvisionnement régies par l'A.C. No 298-76 du 4 février 1976. Clause de retour dans les cas de vente. Droit de passage gratuit.
Edifice municipal, parc, piscine, espace vert, terrain de jeux	X 33,00 \$ pour un hectare ou moins (1)	X 33,00 \$ pour un hectare ou moins (1)		X privilegiée 335,00 \$ pour un hectare ou moins (2)			Clause de retour dans les cas de vente.
Lieu d'élimination des déchets	X 33,00 \$ pour un hectare ou moins (1)	X 33,00 \$ pour un hectare ou moins (1)		X privilegiée 335,00 \$ pour un hectare ou moins (2)	X Droit de passage		Clause de retour dans les cas de vente. Droit de passage gratuit.
Camping, golf, plage, base de plein-air, aire de pique-nique et autre activités sportives	X 33,00 \$ pour un hectare ou moins (1)	X 33,00 \$ pour un hectare ou moins (1)		X privilegiée 335,00 \$ pour un hectare ou moins (2)			Clause de retour dans les cas de vente.
	(1) L'excédent calculé au prorata.			(0,0033 \$ le mètre carré).			
	(2) L'excédent calculé au prorata.			(0,0335 \$ le mètre carré).			

3.3 LANDS & PARKS AND WILDLIFE (Cont'd)

3.3.4

Tarifs révisés 1987-04-01 au 1988-03-31							
CONCESSION DES TERRES PUBLIQUES ET DES DROITS S'Y RATTACHANT							
TITRES OU MODES DE CONCESSION	BAIL A COURT TERME	BAIL A LONG TERME	PERMIS D'OCCUPATION	VENTE	SERVITUDES ET AUTORISATIONS DIVERSES	AUTRES MODES	REMARQUES
FINS MUNICIPALES (suite)							
Abri, refuge et autres constructions similaires	X privilégiée 33,00 \$ pour 4 000 mètres carrés ou moins (1)	X 33,00 \$ pour 4 000 mètres carrés ou moins (1)		X 335,00 \$ pour 4 000 mètres carrés ou moins (2)			(1) L'excédent calculé au prorata. (0,00825 \$ le mètre carré). Clause de retour dans les cas de vente. (2) L'excédent calculé au prorata. (0,08375 \$ le mètre carré).
Piste et sentier et accès divers					X Droit de passage		Gratuit.
Commerciales	X (3)	X (3)	X (3)	X privilégiée	X		(3) Rente minimale de 131,00 \$ pour 4 000 mètres ou moins, l'excédent calculé au prorata. (0,03275 \$ le mètre carré).
Industrielles	X (4)	X (4)	X	X privilégiée			(4) Rente minimale de 131,00 \$ pour un hectare ou moins, l'excédent calculé au prorata. (0,0131 \$ le mètre carré).
Banque de terrains domiciliaires, incluant parcs et espaces verts				X			

3.4 FORESTS

Initial attempts to control Forest exploitation varied considerably from province to province. In many cases, large companies held extensive tracts of lands and operated almost autonomously. A period of "policing" followed, where the logging operations were monitored more closely. Later, attention to erosion and other environmental factors led to the introduction of more stringent controls on roads construction, campsites development and overall operations.

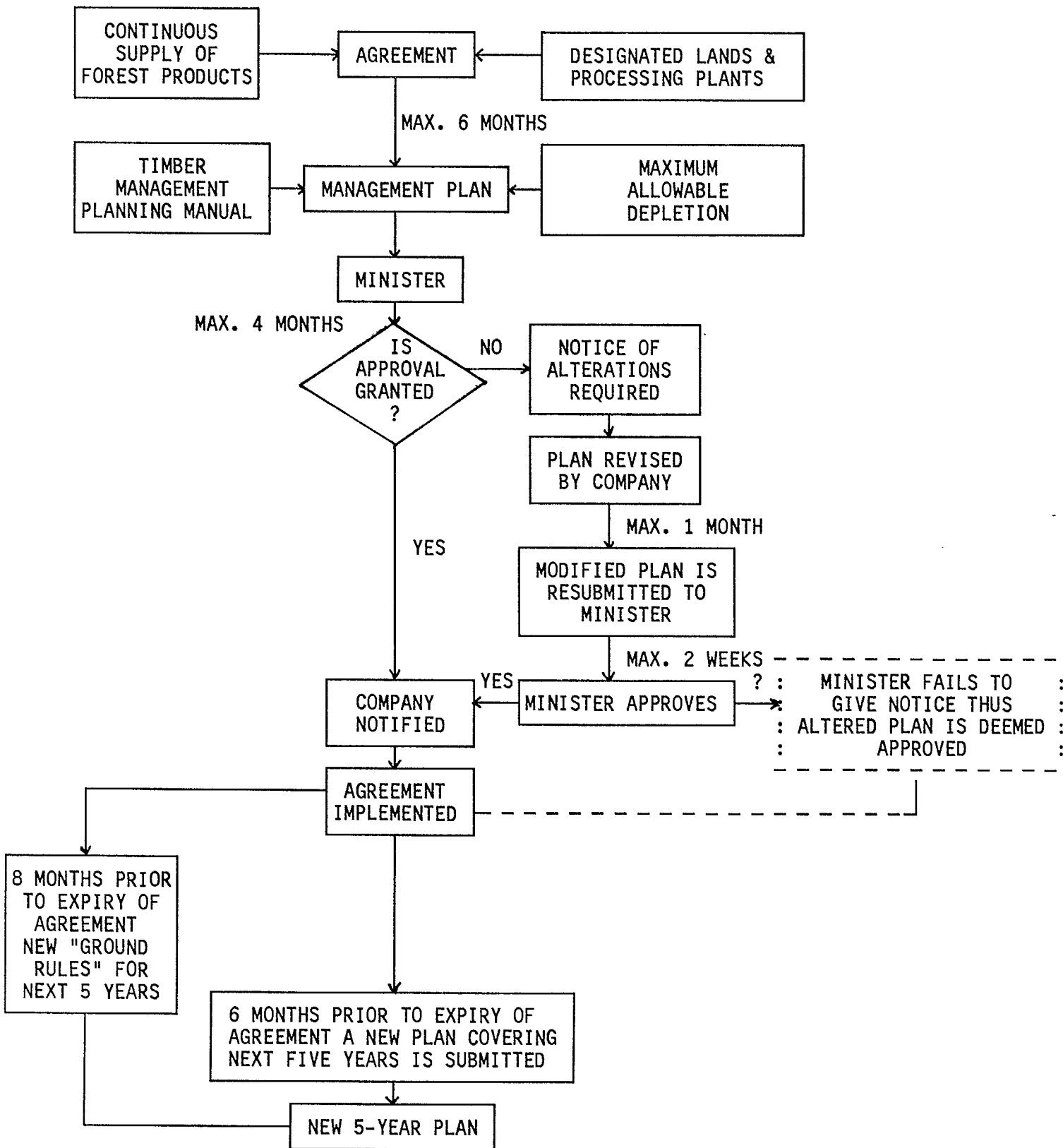
At present, the trend is towards a coordinated management of the resource, with the Ministry playing a prime role, and industry generally complying with clearly defined procedures. The emphasis however, is on an optimized exploitation approach. This includes provisions for harvesting limited quantities of specific species, in designated areas, once a viable "end product" plan is approved. In addition, a "silvicultural plan", or regeneration strategy, must be in place prior to the granting of a right to exploit. This total, integrated process is embodied in the typical "Management Agreement", such as illustrated for Ontario on the following pages. Some Provincial variances exist, however, the intent of such agreements usually covers:

- identification of species and lands
- quantifying harvests by species
- existence of a method of measurement for volumes harvested
- schedules of operations for both short (5 yrs) and long-range (25 yrs) goals
- a detailed plan to regenerate the forest
- procedures for curtailing rights
- penalties for non-performance
- rewards for good (or exceeding standards) performance

The Ontario Crown Timber Act has been paraphrased to capture some of the recurring elements of legislation in this sector.

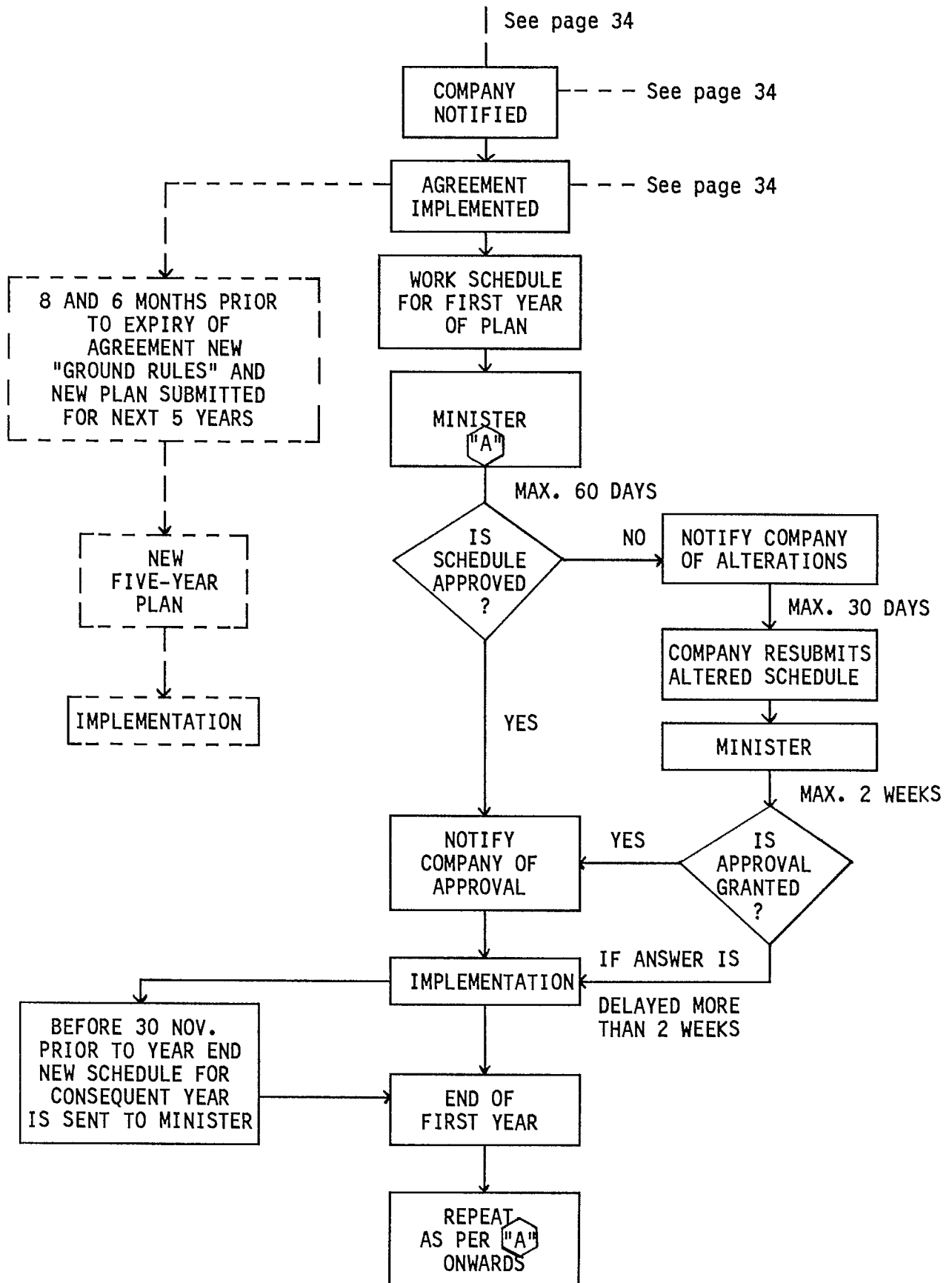
3.4 FORESTS (Cont'd)

ONTARIO MINISTER OF NATURAL RESOURCES TIMBER MANAGEMENT PLANS



3.4 FORESTS (Cont'd)

ONTARIO MINISTER OF NATURAL RESOURCES TIMBER MANAGEMENT PLANS (Cont'd)



3.4 FORESTS

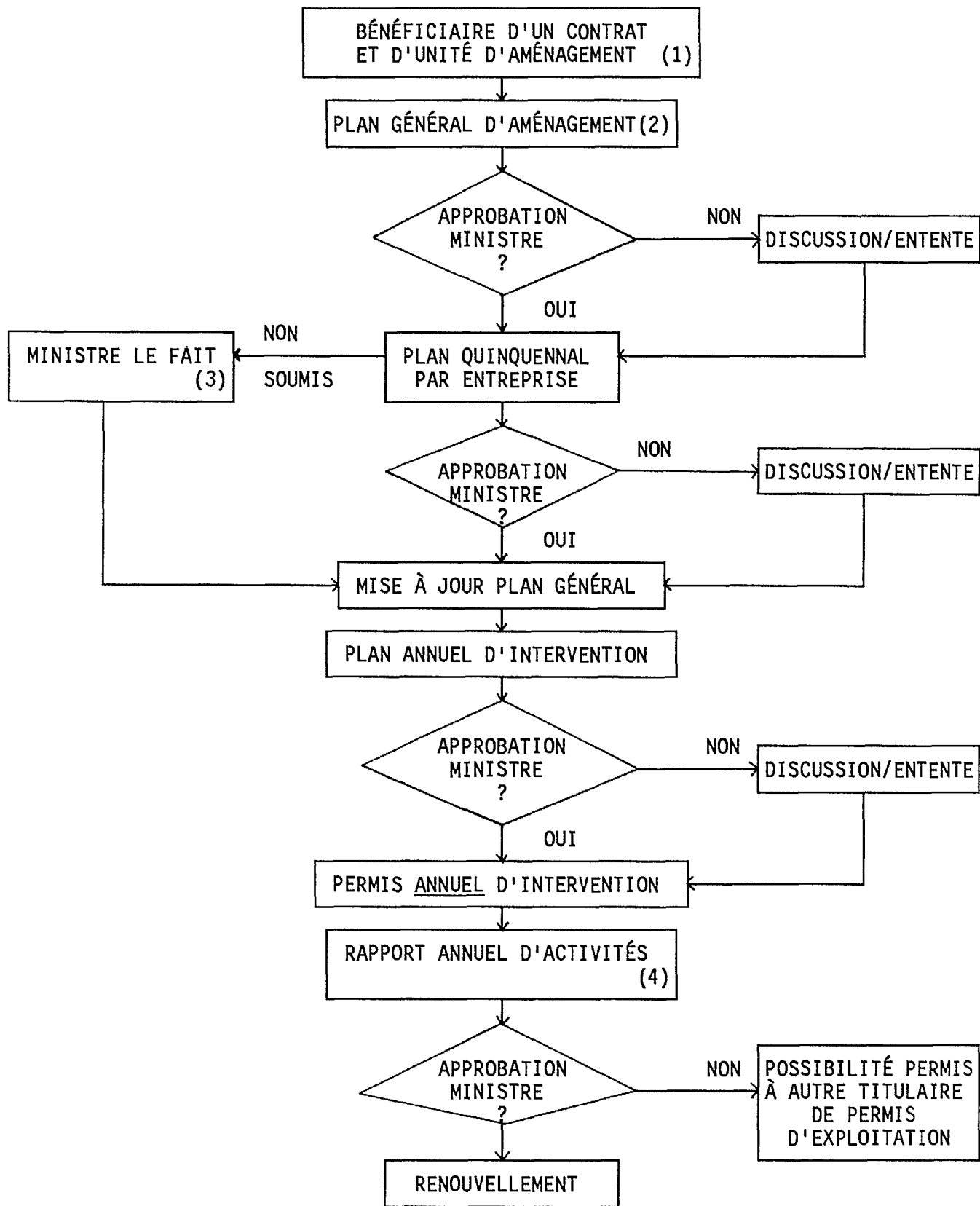
LESSONS FROM THE ONTARIO CROWN TIMBER ACT

In Appendix 8.5 some relevant Sections and Paragraphs of the Ontario Crown Timber Act have been reproduced to illustrate regulatory elements that can apply to almost any allocation process. The intent and wording of the legislation is important to this study, since they provide a good example of basic phraseology. The examples chosen are summarized below:

	<u>Reference</u>	
	<u>Sect.</u>	<u>Para.</u>
<u>1.0 TENDERING</u>		
Acceptance of Tenders	2	3
Grant of Licence to Next Highest Tenderer	2	5
Proof of Ability to Use Timber	2	4
Licence Where Licensed Area Not More Than 160 Acres	2	7
Assignment, etc., of Licences	18	1
Authority to Enter Into a Forest Management Agreement	6	1
<u>2.0 MANAGEMENT PLANS</u>		
When Operating Plan To Be Furnished	26	2
Approval of Plans	26	3
Management of the Area According to Plan	26	4
Plans Not Submitted on Time	26	5
<u>3.0 OPERATING LICENCES</u>		
License Required	47	1
Condition Precedent to Grant of Licence	47	2
Effect of Licence	47	3
Terms and Conditions	3	3
Canadian Content	15	1
<u>4.0 FEES AND CHARGES</u>		
Area Charge	7	2
Regulations	11	2
<u>5.0 ANNUAL ACCOUNTABILITY</u>		
Information To Be Furnished Annually	27	1
Failure to Operate	2	8
Failure or Neglect of Licensee	5	3
Power to Suspend Operation of Subs. (1)	15	3
<u>6.0 CORRECTIVE MEASURES & THEIR ENFORCEMENT</u>		
Non-Compliance With ss. 26-30	31	
Idem (Non-Compliance With ss. 26-30)	32	
Suspension and Cancellation of Scalpers' Licenses and Permits	46	
Penalties	48	1

3.4 FORESTS (Cont'd)

LOI SUR LES FORÊTS - ATTRIBUTION DE BOIS À
DES FINS COMMERCIALES SUR LES TERRES PUBLIQUES



3.4 FORESTS (Cont'd)

LOI SUR LES FORÊTS - ATTRIBUTION DE BOIS À
DES FINS COMMERCIALES SUR LES TERRES PUBLIQUES (Suite)

Projet de loi 150 - Sanctionné le 19 décembre 1986
(1986, Chapitre 108)

Notes:(1) Contrat:

Compagnies exploitantes actuelles

Droits à payer: 75% du produit du volume attribué X taux unitaire applicable

Durée: 25 ans

Prolongation: à tous les 5 ans

Possibilité: révision volume attribué; étendue unité aménagement ou rendement annuel prévu au contrat aux 5 ans

Arbitrage possible

Admissibilité: usine de transformation de bois

Contrat incessible - possibilité plusieurs contrats sur même aire

Exclusivité de récolte sur unité d'aménagement

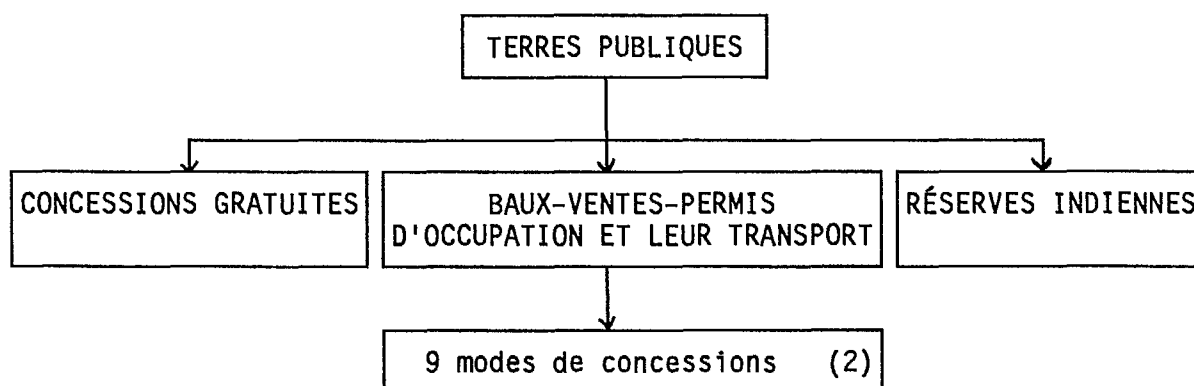
(2) Pour la durée du contrat

(3) Aux frais du bénéficiaire

(4) Traitements sylvicoles conformément au plan d'intervention aux frais du bénéficiaire sinon réalisés au cours d'une année, doivent l'être l'année suivante en plus de ceux requis pour cette année.

Si non réalisés, Ministre les réalise aux frais du bénéficiaire.

3.4 FORESTS (Cont'd)

LOI SUR LES TERRES ET FORÊTS - L.R.Q. Chapitre T-9Notes:

- (1) . Terres réservées pour fins publiques par gouvernement
 Intention et usage doivent être exprimés dans lettres patentes
 . Superficie max. 4 hectares
 . Chapelle, église, cimetière: sup. max. 20 hectares
 . Réserve des 3 chaînes
- (2) . Sauf les terres sujettes à la loi sur les mines
 . Vente par lettres patentes ou acte notarié
 . Révocation pour fraude
 . Modes de concessions:
 - fins résidentielles
 - fins villégiature résidentielle
 . âge: 18 ans
 . durée: bail 30 ans renouvelable
 . coûts variables
 . un terrain par ménage
 . attribution: premier rendu/premier servi
 - commerciales industrielles
 - utilités publiques/entreprises privées
 - fins municipales
 - fins communautaires
 - fins de culte
 - fins gouvernementales
 - fins agricoles et sylvicoles
- (3) . Superficie maximum: 133,550 hectares
 . Usufruit des terres transféré par gouvernement au gouvernement du Canada pour être administré en fidéicommiss pour les tribus indiennes
 . Inaccessibilité - retour au gouvernement du Québec lorsque plus occupées par les Indiens

3.5 NUCLEAR PROJECTS

Early attempts to delve into the regulatory process associated with the nuclear sector were not too successful. Only days prior to the submission of this report, were we able to procure the literature listed in Appendix 8.3.

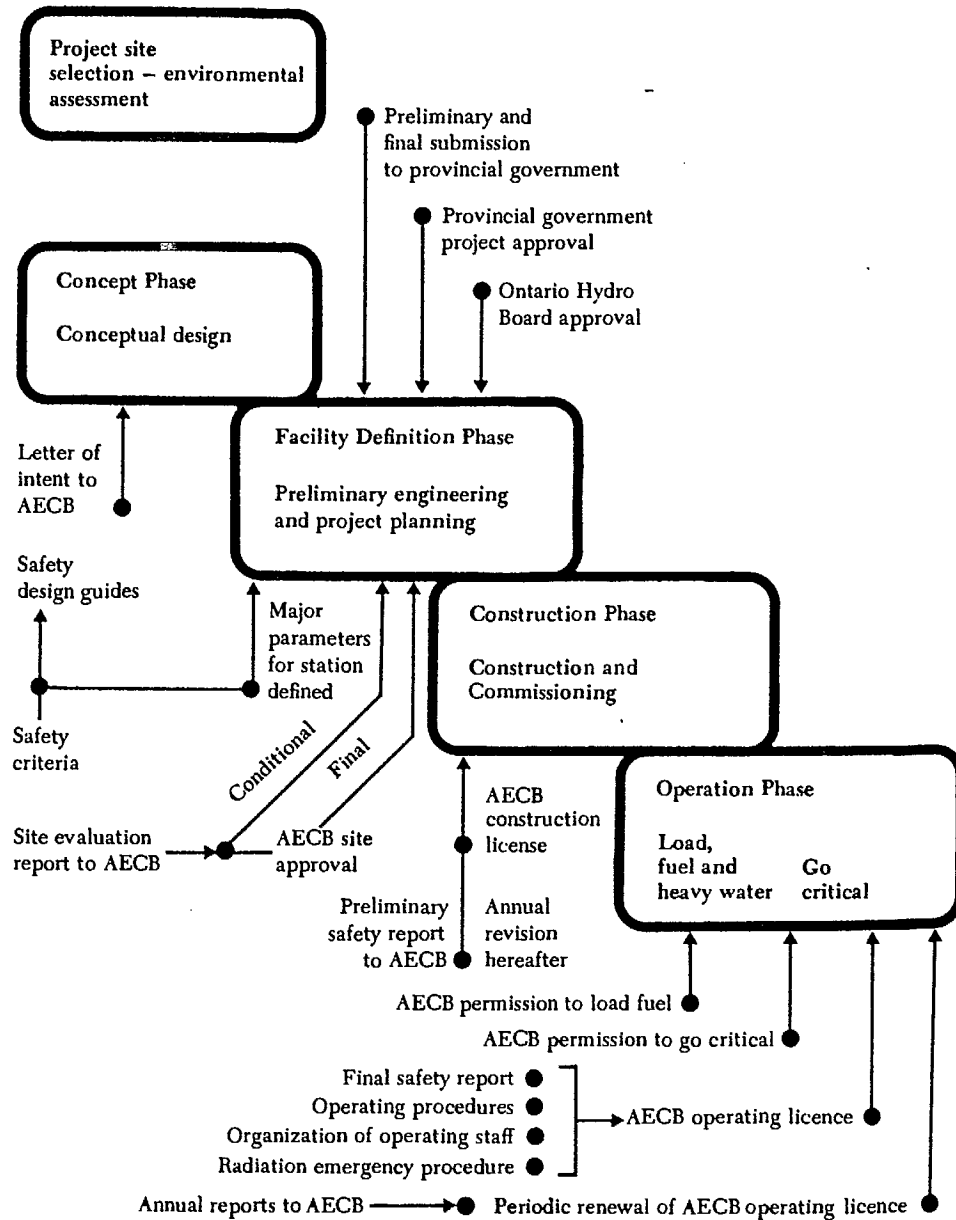
Nevertheless, the illustration on the following page should provide a good indication of the complexity of the process governing this sector.

This sector is introduced for several considerations:

- i) Federal jurisdiction as well as Provincial
- ii) National security aspect (any parallel to national cultural "integrity"?)
- iii) Very complex sector interrelated to numerous others
- iv) Role of public hearings
- v) Safety and impact studies are an integral part of the licensing process

3.5 NUCLEAR PROJECTS

ATOMIC ENERGY CONTROL BOARD
(AECB)
PROCESS FOR APPROVING A NUCLEAR FACILITY



3.6 RENEWABLE RESOURCES

This sector was initially investigated due to the distinguishing characteristics of the resources it encompasses. They bear a close resemblance to radio frequencies, and include:

- SOLAR ENERGY
- WIND ENERGY
- GEOTHERMAL RESERVES
- BIO-ENERGY (waste products)
 (agricultural bi-products)
 (forest wastes)
 (wood combustion)
- TIDAL ENERGY
- SMALL HYDRO SYSTEMS

The common element in these fields is the lack of legislation specific to the resource itself. They all seem to be governed by existing legislation that dictates the use, or transformation process, but not the resource. Wind usage for example, involves Building Codes for the mast; solar panels fall under Building Codes and Provincial guidelines on Right to access light; "bio-energy" involves Environmental Protection Acts primarily.

An interesting fact was uncovered concerning Wind Generators, both in the U.S. and in Denmark. Anyone generating excess power from a private installation can sell the excess to the local utility, which is obliged to purchase it at established rates. (Ref. The Public Utility Regulating Policy Act - U.S.A., 1979.)

Given the renewable and what can be termed, "endless regeneration" capacity of the radio spectrum, perhaps this sector could eventually reveal some valid lessons.

3.7 MAJOR PROJECTS USING VAST RESOURCES

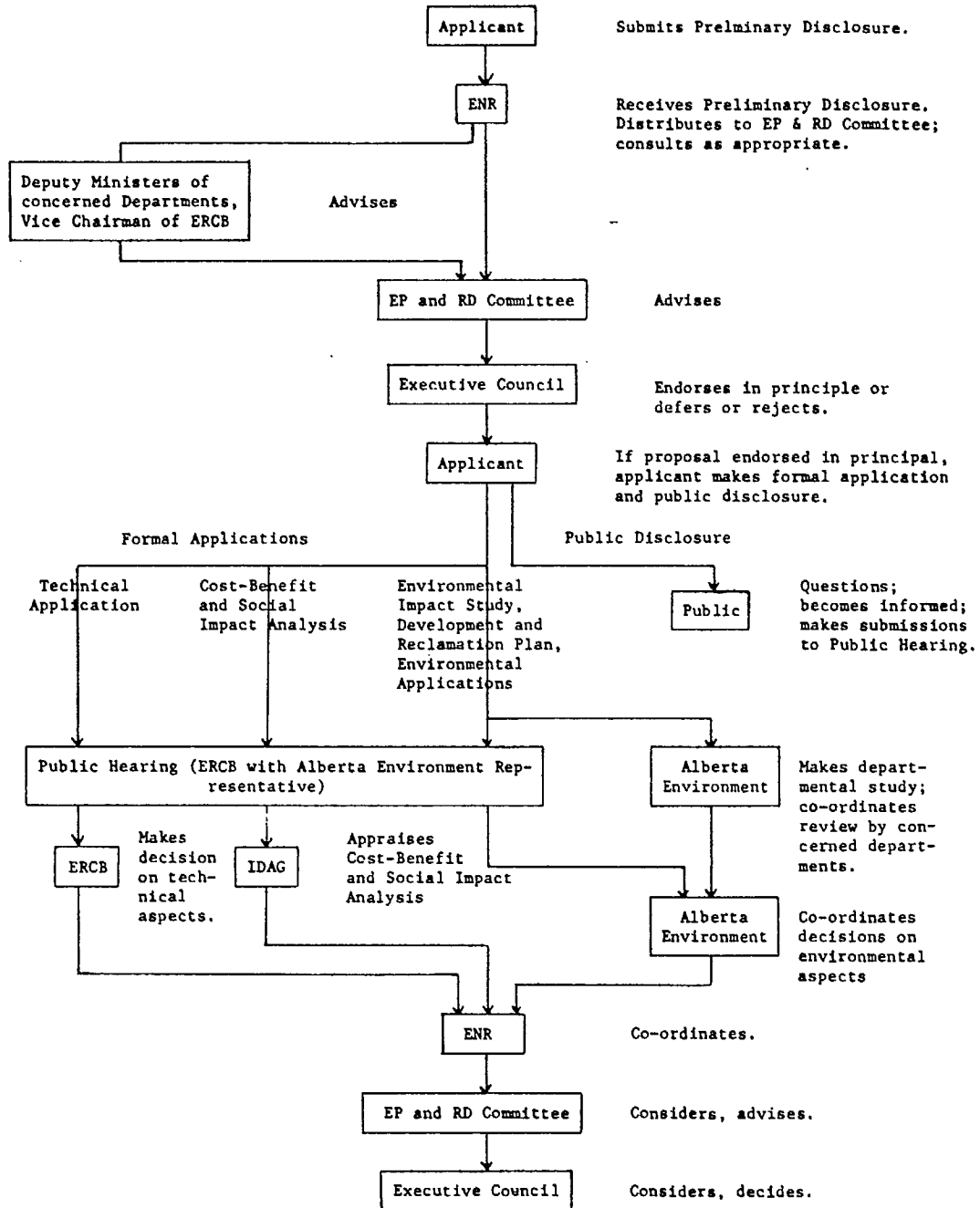
The next five pages deal with procedures associated with the approval or licensing of major projects.

Given the Federal jurisdiction over Spectrum, its exploitation nationally, and the "provincial" impacts, an analogy can be drawn with complex projects. Various regulatory bodies are involved; public hearings are often required; and numerous assessment studies must be submitted, for these major works.

Present procedures in licensing Spectrum do not entail this level of complexity. However, if future systems should consider other plans that involve the coordination of numerous inputs, these "flows" should prove valuable guides.

3.7 MAJOR PROJECTS USING VAST RESOURCES

PROCEDURE FOR CO-ORDINATED CONSIDERATION OF PROPOSALS FOR MAJOR DEVELOPMENTS (ALBERTA)

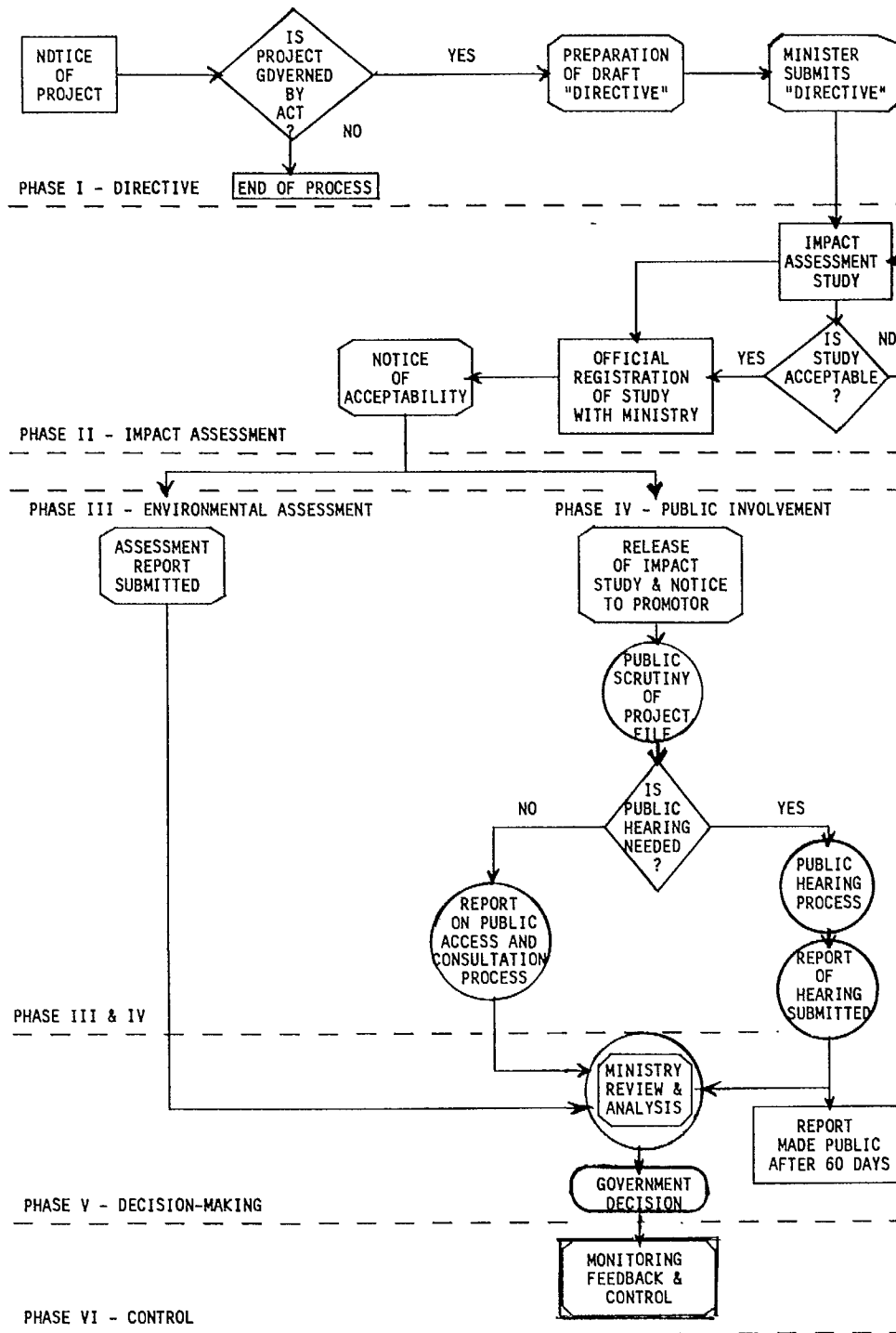


ABBREVIATIONS

EP and RD Committee	<i>Economic Planning and Resource Development Committee</i>
ENR	<i>Department of Energy and Natural Resources</i>
ERCB	<i>Energy Resources Conservation Board</i>
IDAG	<i>Interdepartmental-agency Group co-ordinated by the Department of Energy and Natural Resources</i>

3.7 MAJOR PROJECTS USING VAST RESOURCES (Cont'd)

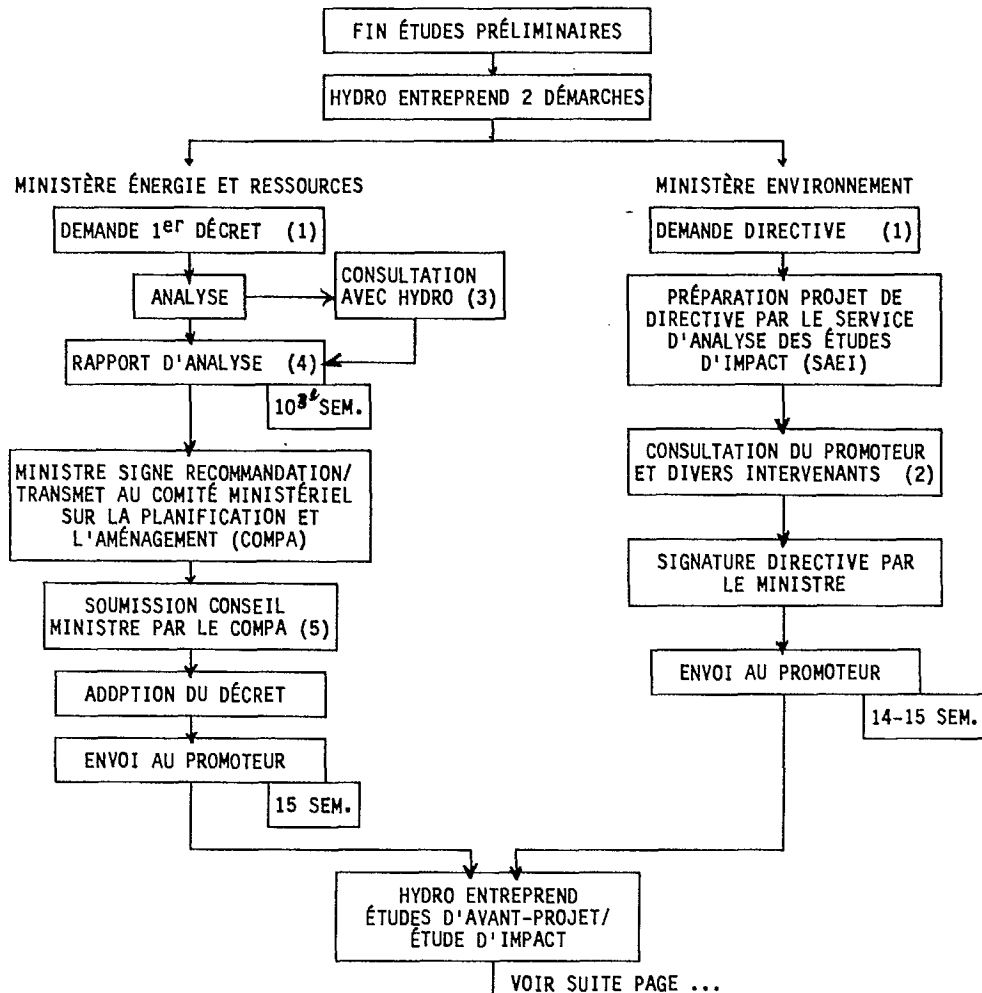
GOVERNMENT OF QUEBEC PROCEDURE FOR ENVIRONMENTAL IMPACT ASSESSMENT



LEGEND: □ = PROJECT PROMOTOR
 ○ = BUREAU D'AUDIENCES PUBLIQUES
 ▭ = MINISTER OR MINISTRY
 ○ = CABINET

Reprinted from: "PROCÉDURE D'ÉVALUATION ET D'EXAMEN DES IMPACTS SUR L'ENVIRONNEMENT" Sept. 1985

HYDRO-QUÉBEC - IMPACT UPON PROJECT SCHEDULE BY VARYING APPROVALS PROCEDURES

PREMIÈRE ÉTAPE

Notes:

MINISTÈRE ÉNERGIE ET RESSOURCES

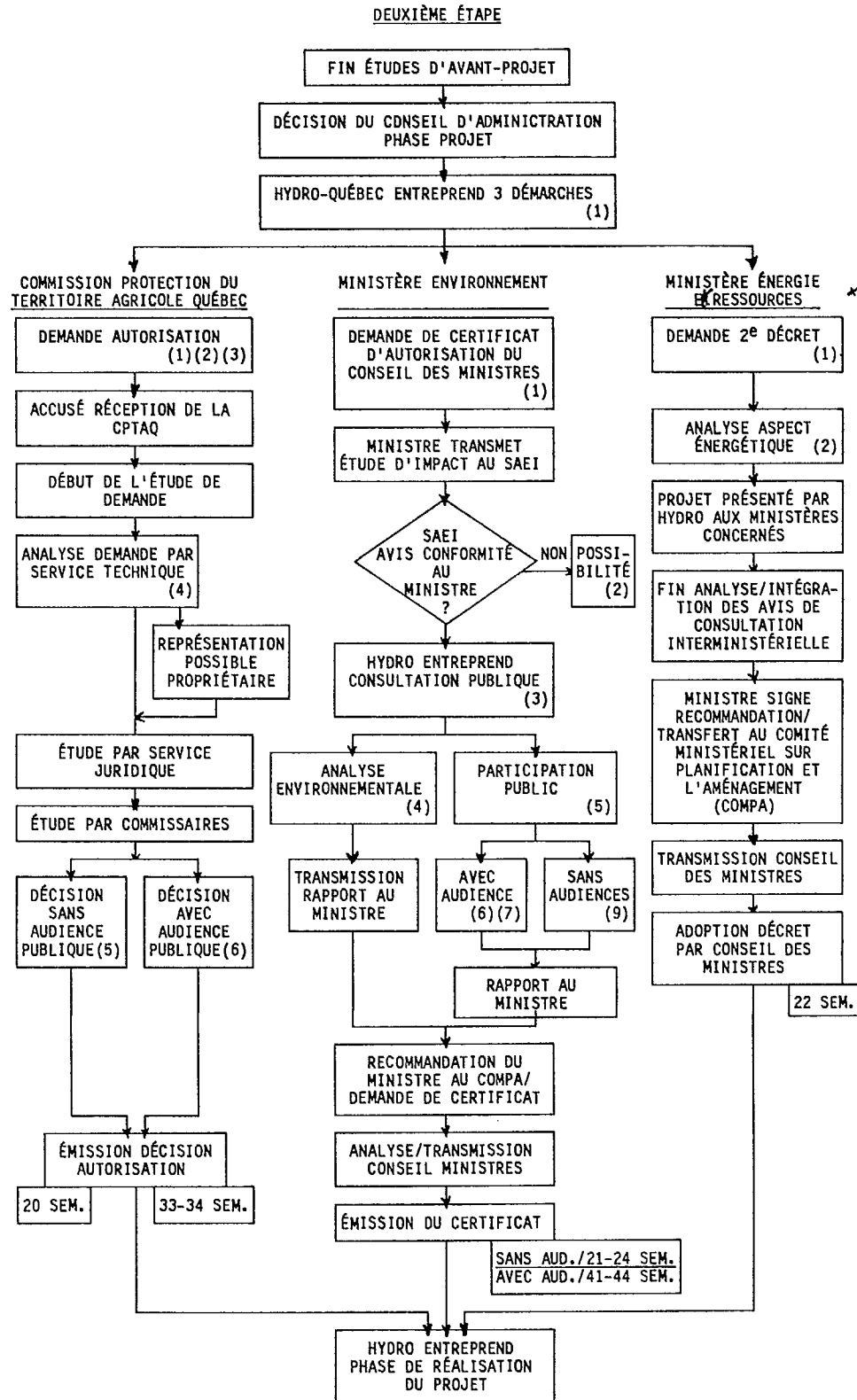
1. Décret pour autorisation d'entreprendre les études d'avant-projet et d'exproprier, au besoin, les immeubles requis.
2. Analyse par le MER et coordination d'une consultation interministérielle.
3. Hydro est consultée pour renseignements supplémentaires, s'il y a lieu
4. Intégration des commentaires de la consultation interministérielle
5. Adoption du décret par le Conseil des ministres qui siège une fois par semaine.

MINISTÈRE DE L'ENVIRONNEMENT

1. La directive régira l'étude d'impact qu'effectuera le promoteur.
2. À partir du projet de directive le Service d'analyse des études d'impacts entreprend la consultation.

3.7 MAJOR PROJECTS USING VAST RESOURCES (Cont'd)

HYDRO-QUÉBEC - IMPACT UPON PROJECT SCHEDULE BY VARYING APPROVALS PROCEDURES (SUITE)

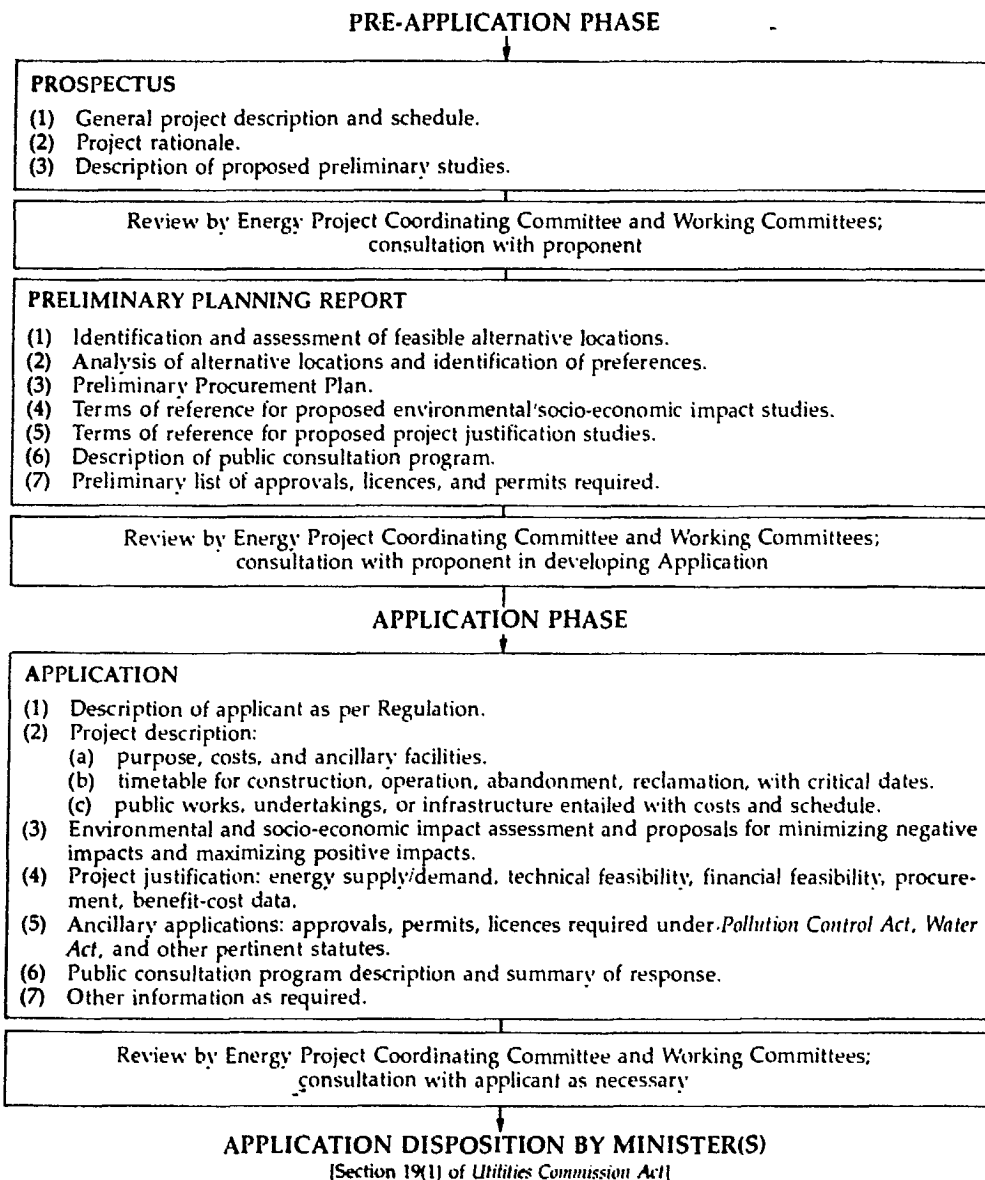


NOTE: (3) Denotes detailed procedures are available in the literature reviewed for the study

3.7 MAJOR PROJECTS USING VAST RESOURCES (Cont'd)

In February, 1980, the Government of British Columbia introduced an energy policy which established an "integrated approach" to approval procedures for major energy projects and removal of energy resources from the Province. The "Utilities Commission Act (Part 2)" specifies how these projects are reviewed and certified. A schematic showing the various stages of the application and review process, is reproduced below, to provide further insight into factors affecting the licensing of major projects.

Figure 3
Energy Project Application Process



4.0 ADMINISTRATIVE CONSIDERATIONS

4.1 STAFFING SUPPORT

Very little evidence was found in this research that would indicate a labour-intensive system for licensing, using any of these approaches:

- public auctioning (tendering)
- first-come-first-licensed
- random assignment (lottery)

The general response from the managers interviewed was that most of the staff associated with licensing would in fact be needed for the proper management of the resource. There was, however, a large variance in the staff/licence ratios from province to province, and between different disciplines of a given province. For example:

- | | |
|-----------------------------------|--|
| ALBERTA
(OIL & GAS) | - Five permanent staff and six to eight part-time helpers can assess and process between 600-1000 land lease "tenders" within a day. |
| ONTARIO
(MINES) | - Only one mining "recorder" for each of the mine districts, and two or three staff at the Regional Office can cope with all requests. |
| NEWFOUNDLAND
(PETROLEUM BOARD) | - Recently created, its duties are quite complex due to the new Offshore Agreement. Approximate staff of sixty. |
| NOVA SCOTIA
(MINES) | - An annual staff budget of approximately \$100,000 dedicated to licensing and recording. This includes salary of an "exploration monitorer" in the field, who provides valuable feedback, especially when exploration data is not documented by licensee. Without this constant contact, findings of the exploration would not likely reach anyone. Most of the staff is essential to manage the resource in any event. |

4.2 THE ROYALTY FORMULA

Depending on the sector, various methods of calculating "royalties" were encountered. These ranged from simple percentages of the annual revenues from exploitation, up to sophisticated mathematical formulae.

The graph on the following page depicts an example of a more complex approach, found in the Alberta coal sector.

It is important to note that royalties are applied only to the last phase of exploitation of a resource. During the first two stages of exploration and development, usually "annual rents" are levied. There may be a parallel here with the allocation of a Spectrum frequency for research purposes, under an "annual rent", followed by a "royalty" once the research culminates in a working system.

4.2 THE ROYALTY FORMULA (Cont'd)

ROYALTY FORMULA FOR COAL PRODUCED FROM CROWN LEASES (ALBERTA)

The graph is an approximation of the "Royalty Formula": $X = K (1-C/R)^2$ or 5.0, whichever is greater.

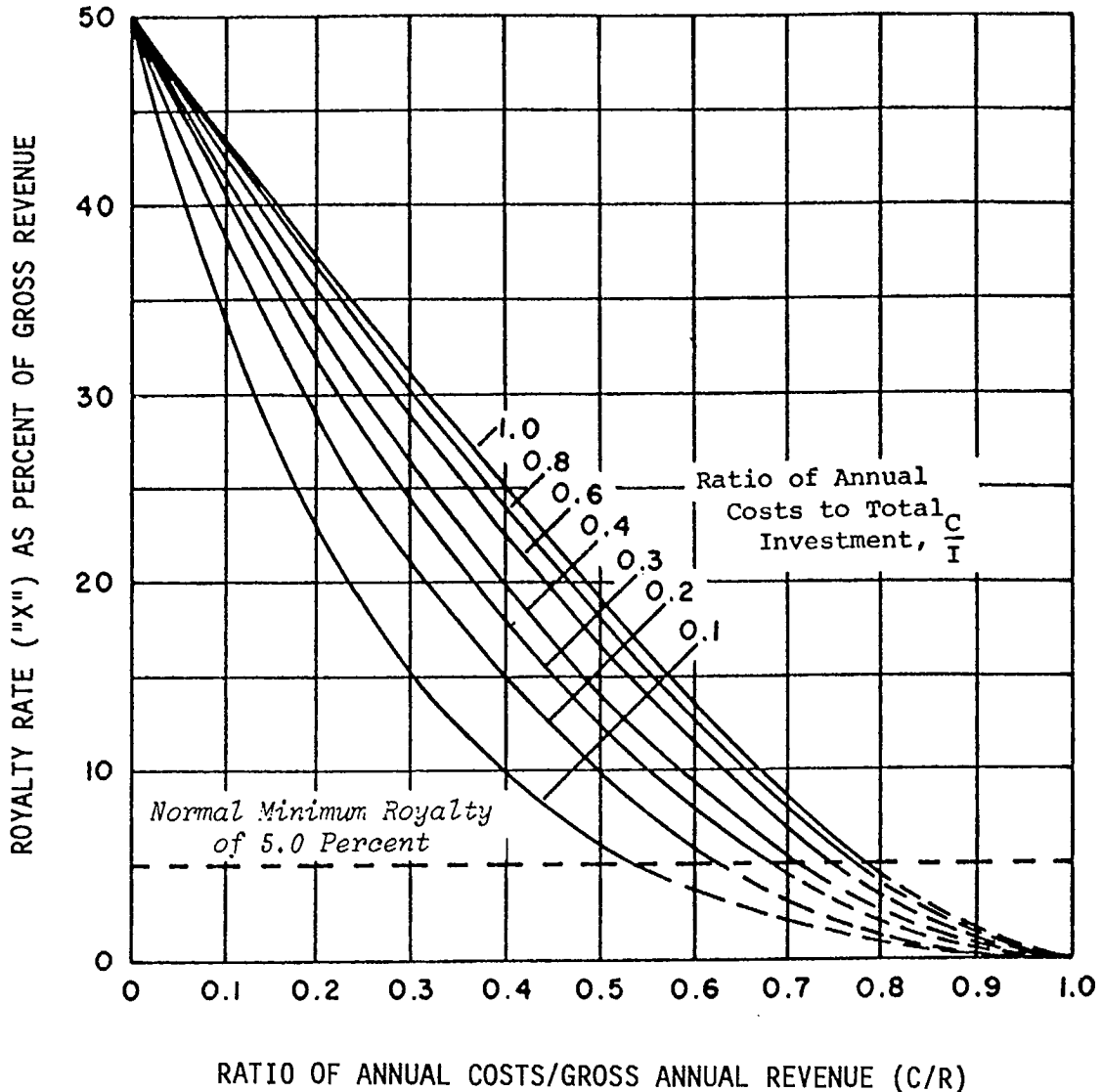
K = a project characterization factor
 $K = \frac{50}{1 + \frac{C}{R} (0.30 \frac{I}{C} - 1)}$

R = annual gross revenue from the sale at the point of production of all products

C = allowed annual direct and indirect costs including depreciation at allowed rate

X = normal royalty rate expressed as percent of total products or of gross revenue

I = allowed cumulative investment including working capital



4.3 BASIC ROYALTIES - OIL & GAS

4.3.1 Federal Government Position on Royalties

Basic Royalty

- Basic royalty** **40.** (1) All oil or gas produced from Canada lands is subject to, and each holder of a share in a production licence is liable for and shall pay to Her Majesty in right of Canada, a basic royalty of ten per cent of the oil or gas that is imputable to the share of that holder and that is produced in each month in respect of which royalty is payable.
- Idem** (2) Royalty is payable in respect of each month in which oil or gas is produced from the Canada lands under a production licence or is attributed to those Canada lands under an agreement approved by the Minister.
- Exception** (3) No oil or gas imputable to
(a) a share in an interest held by the Minister pursuant to subsection 23(3) or paragraph 55(2)(b), or
(b) the interests described in section 28,
is subject to royalty under this section, but this subsection does not affect any other royalty that might be due in respect of the interests referred to in paragraph (b).
- Reports and returns** (4) Each interest holder liable for and required to pay royalty under this section shall pay such royalty in the manner prescribed and shall file such reports and returns as may be prescribed.
- Collection and remission of royalty** (5) Where an interest owner of a production licence consists of two or more holders,
(a) the royalty due under this section shall be collected and remitted on behalf of the holders by the representative of the interest owner for that purpose; and
(b) the representative of the interest owner shall file such consolidated returns as may be prescribed with respect to all holders liable for and required to pay royalty, and all such holders shall provide that representative with the information necessary to file such returns.
- Fair market value** (6) Royalty under this section is payable in money, based on the fair market value of
(a) oil at the well-head after production; and
(b) gas at the extraction plant after processing.

Basic Royalty (Cont'd)

- Where price specified** (7) Where the Minister specifies a price for oil or gas in an order made under section 48, the royalty payable under this section shall be based on the price so specified.
- Determination and notice** (8) Subject to section 56, the Minister may, in any particular case, determine the fair market value of oil or gas for the purposes of this section and section 41 and give notice of the determination to the interest owner of the production licence.
- Deduction** (9) In determining the royalty to be paid on any substance other than oil produced in association with natural gas, there shall be deducted an allowance for the cost of processing or separation as determined in any particular case by the Minister.
- When royalty to be paid** (10) The royalty to be paid under this section shall be paid on or before the twenty-fifth day of the month next following the month in respect of which the royalty is payable.
- Exceptions** (11) No royalty is payable under this section for oil or gas that
(a) is consumed for drilling, producing, mining, quarrying, extracting, testing or treating purposes within the area under the production licence; or
(b) is injected into a formation for conservation purposes.
- Idem** (12) At the discretion of the Minister, no royalty is payable under this section for oil or gas that is consumed for the operation or maintenance of production facilities, as that term is defined in subsection 41(6), or that is flared.
- Orders suspending or reducing royalty** (13) The Governor in Council may, by order, authorize the suspension or reduction of any royalty payable under this section for such periods, by such amounts and subject to such conditions as are specified in the order in any case where the Governor in Council is of the opinion that such suspension or reduction would enable production of oil or gas to be commenced or continued for a longer period or would facilitate the implementation of conservation measures.

4.3 BASIC ROYALTIES - OIL & GAS (Cont'd)

4.3.1 Federal Government Position on Royalties (Cont'd)

Basic Royalty (Cont'd)

Mode of
payment

(14) The Minister may require all or part of any royalty payable under this section to be paid in money or in kind, but shall not alter an established mode of payment without giving notice of his intention to do so to the interest owner of the production licence not later than ninety days prior to the month in which the new mode of payment is to begin and specifying in the notice the time when and, where appropriate, the place at or reasonably near the production site, where the new mode of payment will be accepted.

Payment in
kind

(15) On receipt of a notice under subsection (14), the amount of any royalty required to be paid in kind shall be delivered in kind at the time and place specified by the Minister and in condition and quality acceptable to the Minister, and the Minister shall provide, without cost to the relevant interest owner, all tanks or other storage facilities necessary to accept the payment in kind.

4.3 BASIC ROYALTIES - OIL & GAS (Cont'd)

4.3.2 The British Columbia Petroleum and Natural Gas Royalty

A single page (p. 4) from the B.C. Regulation 200/85 is reprinted to show how royalty rates are calculated for OIL:

3. The royalty percentage rate or the exemption from royalty, as the case may be, specified in Column 2 for an item applies to the class of petroleum specified in Column 1 for the item.

ITEM 1

Column 1	Column 2
Old oil, other than that which is exempt, produced from or allocated to a spacing area and not exceeding 95 m ³ during the month in respect of which royalty is calculated.	$\frac{(\text{PRODUCTION})^2 \times 100}{(792 \times \text{PRODUCTION})}$

ITEM 2

Column 1	Column 2
Old oil, other than that which is exempt, produced from or allocated to a spacing area and exceeding 95 m ³ during the month in respect of which royalty is calculated.	$\frac{(11.4 + .4 (\text{PRODUCTION} - 95)) \times 100}{\text{PRODUCTION}}$

ITEM 3

Column 1	Column 2
New oil, other than that classified under Item 8, or which is exempt, produced from or allocated to a spacing area, and not exceeding 159 m ³ during the month in respect of which royalty is calculated.	$\frac{(\text{PRODUCTION})^2 \times 100}{(1058 \times \text{PRODUCTION})}$

ITEM 4

Column 1	Column 2
New oil, other than that classified under Item 8, or which is exempt, produced from or allocated to a spacing area and exceeding 159 m ³ during the month in respect of which royalty is calculated.	$\frac{(23.9 + .3 (\text{PRODUCTION} - 159)) \times 100}{\text{PRODUCTION}}$

4.4 TAXATION AND INCENTIVES

One major consideration in the administration of rights to natural resources is the eventual collection of financial benefits by the Crown. Royalties have already been discussed in the previous sections. We now touch briefly on taxation and "incentive" programs established by both Federal and Provincial Governments, so that the reader may consider these in any eventual model for Spectrum assignment. It is essential to bear in mind the dual role of licensing, mainly to control, and to foster more effective exploitation of a "resource".

The Appendix 8.11 provides several examples of taxation regulations, as well as contributory programs, that could guide an initial attempts at structuring future regulations.

4.4.1 Incentives Inherent to Licensing Legislation

The fundamental premise upon which all the legislation (governing natural resources) seems to be based is that the resource must be properly exploited for the benefit of all citizens. To achieve this, individuals and industry are encouraged to undertake work, by the very nature of the licensing agreements. A few examples are worth noting:

- | | |
|---|---|
| ALBERTA | - A trust account is set up for the "Refundable Work Deposit". |
| BRITISH COLUMBIA &
ALBERTA &
SASKATCHEWAN | - "Placer Minerals Regulations" encourage the hobbyist to use pans or sluice boxes in recovering precious metals that would probably be lost. Commercial groups are enticed to recover precious minerals from sand and gravel deposits. |
| ONTARIO | - Good Forest regeneration practices are rewarded with an "ever green" (or continuously renewed) licence. |
| SASKATCHEWAN | - A trust fund is established for the "renewal fee". Upon verification of work expended, an annual refund is made from this "Trust". |
| ALBERTA & ONTARIO | - These two provinces have clear "Mineral Compensation Policies", whereby the holder of a licence or lease is rewarded for relinquishing current rights. The Crown then can make the said lands available for alternate uses. |

4.5 INCOME FROM LICENSING

The "licensing process" in its entirety, provides considerable revenue for a province. This process includes three contributing elements:

- i) Application fees
- ii) Annual "Rents"
- iii) Royalties

In most instances; however, the first two categories are almost insignificant, or at best, considerably inferior to the amounts generated by "royalties". Nevertheless, even if they merely defray the administrative costs, the process is justified, since it enhances the chances for better management of a resource.

In many cases, earlier systems tended to have extremely low rates for all three items. However, the general tendency now seems to be towards rates in i) and ii) that at least offset all administrative costs. Royalties are receiving a close scrutiny in most sectors, for example:

- | | |
|---------------|---|
| OIL & GAS | - New formulae are evolving with the advent of the "Offshore Agreement" between Federal and Provincial Governments. |
| LANDS & PARKS | - Annual rates are linked to volume of sales generated (eg. Saskatchewan Park Visitor Services) in some cases. |
| MINES | - In 1987, Nova Scotia will introduce royalties based on the NET VALUE (2%) or NET PROFIT (15%) of operations, with explicit controls on allowable "deductibles". |

4.6 MONITORING & CONTROL

In all the disciplines sampled, there is a constant reference to a monitoring, assessment, and control mechanism to ensure that the intent of the licensing is carried out. Regulations and procedures are in place to address any combination of the following:

- 4.6.1 Proving the Resources
- 4.6.2 Respecting the Agreement
- 4.6.3 Conservation
- 4.6.4 Health and Safety
- 4.6.5 Incentive Programs

4.6.1 Proving the Resources

Mining, Petroleum and Gas licences are all given conditionally by every province investigated. The absolute values may vary (as shown in Appendix 8.13), but in all cases, there is a "fee" for the permit (or licence), and an annual charge, or "rent" for this privilege (permit) granted. In addition, the permit (licence) may only be maintained or renewed, if evidence is provided that the licensees are actively exploring or exploiting the resource that has been consigned. This is measured in terms of a "work requirement" that stipulates the effort to be expended. This effort varies for the resource in question, and from each province. Here are some examples:

- LANDS (Newfoundland) - The proposed development must be completed within three years (only a 1 year extension is granted).
- MINES (Labrador) - A low "work requirement" is requested so as to encourage exploration.
- MINES (Nova Scotia) - The fee of \$200 (per claim/year) during the first five years, suddenly doubles (\$400/claim) in years six to ten, and again doubles (\$800/claim) in years eleven through to fifteen.
- MINES (Ontario) - Currently the "economic rent" is undergoing serious review.

To satisfy the appropriate Ministry of this "work requirement", the lessee must submit detailed reports of activities undertaken and cost expenditures.

4.6.2 Respecting the Agreement

The clearest example of this monitoring and control can be found in forestry. Detailed Management Plans define harvest "areas"; maximum "volumes"; and specific "species" (plus their volumes) that can be gathered in any year.

4.6 MONITORING & CONTROL (Cont'd)

4.6.3 Conservation

Regulations governing Conservation can be grouped under three headings:

- i) Waste Management
- ii) Disaster Plans and Corrective Measures
- iii) Regeneration

Two areas where all three of the above apply are in Forestry and the Petroleum & Gas industries.

	FORESTRY	OIL & GAS
WASTE MANAGEMENT	- control of by-products from processing	- same
DISASTER PLANS	- fire & pests	- oil spills
REGENERATION	- silvicultural practices	- recycling % of flow

4.6.4 Health and Safety

The legislation reviewed invariably made reference to the respect of Health and Safety standards. The main disciplines affected are:

- Petroleum & Gas
- Mining
- Lands Development
- Nuclear

Monitoring would entail gathering proof of proper enforcement of the associated regulations governing these standards.

4.6.5 Incentive Programs

Various taxation schemes and contributory programs are mentioned in Appendix 8.11; however in this section, we refer to those local "incentive" programs that often accompany the issuance of a licence. These can include a dollar amount to be spent in the community; a given number of "man-days" of local labour; or the purchase of a percentage of materials and equipment from local suppliers. Any variation of these three clauses is also possible.

Monitoring would require the lessee to give proof of compliance, on a regular basis.

5.0 THE TENDERING PROCESS

This section is particularly relevant in answering one of the key objectives of the study. It details various aspects of the tendering or "auctioning" process prevalent in the Petroleum and Gas sector. There are four subsections:

- 5.1 CALL FOR TENDERS
- 5.2 INSTRUCTIONS TO BIDDERS
- 5.3 RESULTS OF TENDERS
- 5.4 THE "SLIDE" BID

The first two sub-sections illustrate typical terminology used in the sector and provide an indication of how the resource is identified. Of particular note is the "Addendum" of page 65 that indicates the qualifying conditions which could alter a work plan or affect costs.

Sub-section three is intended to show the wide discrepancy in value per hectare for lands within the same province, and at times within the same district. The lack of a competitive process such as this could have meant the granting of rights at the lower range of the scale (\$15-\$25) rather than the upper (\$300-\$400) range. Parcel "A026" bears closer scrutiny, since it most likely refers to an area of a "proven" reserve. Nevertheless, it confirms the advantage of tendering once again, since licensing without tendering may have only generated a maximum of \$400-\$500 per hectare.

5.0 THE TENDERING PROCESS

5.1 CALL FOR TENDERS

CALL FOR PROPOSALS NO. 84-1 (EXPLORATION/OIL & GAS)

1. *Call for Proposals*

The Minister of Energy, Mines and Resources and the Canada-Nova Scotia Offshore Oil and Gas Board hereby call for the submission of Proposals in respect of an Exploration Agreement regarding those Canada lands offshore Nova Scotia as described in the Schedule hereto (each parcel herein referred to as the "Lands").

2. *Authority*

This notice is published pursuant to the Canada Oil and Gas Act, S.C. 1980-81-82-83, c. 81, as amended and the Offshore Oil and Gas Act, c. 8, 1984 S.N.S.

3. *Submission of Proposals*

(a) Sealed proposals will be received by the Chief of Negotiations and Calls for Proposals at the following address:

Canada Oil and Gas Lands Administration, 355 River Road, Tower "B", Vanier, Ontario K1A 0E4 Attention: W. R. Lonsdale

Proposals must be delivered, either by registered post or in person, to the above address on or before the time of closing of this Call for Proposals. Proposals received after the time of closing will not be considered.

(b) This Call for Proposals will close at 14:00, Eastern Standard Time, on the 7th day of March 1985.

(c) All proposals submitted in response to this call must be in a sealed envelope clearly marked as to:

- (i) the number of this Call for Proposals;
- (ii) the time and date of closing of this Call for Proposals;
- (iii) the words "Proposal for Exploration Agreement—Parcel No. (1 or 2 as shown in the Schedule below)".

(d) All submissions received in response to this Call for Proposals shall thereupon become property of the Crown and shall not be returned.

4. *Content of Proposals*

All proposals submitted must specify the terms and conditions proposed for the Exploration Agreement and must identify the Party or Parties submitting the Proposal and the Party or Parties which shall be responsible for performance under any resulting exploration agreement. In particular, all proposals should address the following matters:

- (a) Work program, including work proposed on the lands and the schedule for same;
- (b) Term;

- (c) Canada-Nova Scotia benefits;
- (d) Canadianization.

5. *Acceptance/Rejection of Proposals*

(a) For the purpose of negotiating an Exploration Agreement, the Minister may select any proposal submitted. In making a selection, the Minister may take into account any factor that she considers appropriate in the public interest—the Minister is not bound to select any proposal submitted.

(b) Where no proposals are submitted in response to this call before the time for closing, the Minister, within ninety (90) days thereafter, may enter into an Exploration Agreement in respect of the lands with any Party.

(c) Each parcel will be the subject of one Exploration Agreement. Proposals in respect of other than a single parcel in its entirety will not be considered.

6. *Exploration Agreement*

Any proposal that may be selected by the Minister will form a basis for the negotiation of an Exploration Agreement. Any Exploration Agreement which may be negotiated will be entered into pursuant to the Canada Oil and Gas Act and any regulations or legislation made thereunder or in amendment thereof or in substitution therefore from time to time. The issuance of any Exploration Agreement will be subject to the payment of an issuance fee as prescribed.

7. *Standard Conditions*

Any Exploration Agreement which may be negotiated shall include terms as to the following matters:

- (a) relinquishment as to 50 per cent of the lands at or before the end of the term; and
- (b) a performance bond against well commitments, to be posted at the commencement of the term.

8. *Information*

Any geological, geophysical and well information with respect to the lands or surrounding area which is available for public disclosure may be reviewed at the offices of the Canada Oil and Gas Lands Administration in the cities of Ottawa, Halifax and Calgary.

PAT CARNEY
Minister of Energy, Mines and Resources

5.1 CALL FOR TENDERS (Cont'd)

5.1.1 Exploration Agreements for Offshore Areas Typical Call for Proposals

As an example of the procedure commonly used to allocate exploration rights, the contents of a typical "Call for Proposal" is summarized below:

1 - AUTHORITY

Usually describes the legislation that governs the call (Act; Section; Chapter; Amendments)

2 - SUBMISSION INSTRUCTIONS

Provides details concerning receiving office; proposal manager; time; packaging of documents; etc.

3 - CONTENT

Addresses issues of: identify of respondent; financial proposal; work and "Work Bonus", and any other criterion deemed essential.

4 - STANDARD TERMS & CONDITIONS

Refers to the legislation that will govern any Agreement that would result from the tender award. This also includes essential clauses such as:

- 4.1 Deposit
- 4.2 Term
- 4.3 Relinquishment
- 4.4 Validation (i.e. minimum progress)
- 4.5 Early Termination
- 4.6 Rentals (i.e. payable to Crown)
- 4.7 Expiry
- 4.8 Benefits Plan (outlines those that will accrue to Crown/Province)

5 - ACCEPTANCE/REJECTION OF PROPOSALS

Usually emphasizes that the Minister is not bound to accept any proposal.

It may also specify conditions that will disqualify bidders.

6 - ALLOWABLE EXPENDITURES

Bonafide costs and categories of reimbursable expenditures can be enumerated.

7 - INFORMATION

Any information that is essential to the bidder is identified, its source and the procedure for accessing it.

5.0 THE TENDERING PROCESS (Cont'd)

5.2 INSTRUCTIONS TO BIDDERS

1984 October 26

PUBLIC OFFERING OF CROWN COAL RIGHTS
pursuant to section 16 of the Mines and Minerals Act

The undersigned or person so authorized will receive up to 1984 December 19, 12:30 p.m., offers to purchase Crown coal leases as described in the schedule attached to this notice.

The offer for each lease parcel must be accompanied by the full amount of the refundable work deposit, the rental at the rate of \$2.50 per hectare for the first year and the prescribed fee of \$50. To facilitate the immediate return of rejected offers it is recommended that each offer, in the form attached, be accompanied by its own moneys. A suggested form of offer is attached to this notice.

The Department reserves the right to reject any or all offers received and to refund to the person making an offer the moneys received from him. An offer rejected on one lease will not be considered on another. An offer relating to a part only of the lands described in a lease will not be considered.

The rental and fee in Canadian funds must be in the form of a bank draft, certified cheque on a chartered bank or certified Treasury Branch cheque, payable to the Provincial Treasurer. The work refundable deposit in Canadian funds must be in the form of a bank draft, certified cheque on a chartered bank or certified Treasury Branch cheque payable to the Provincial Treasurer, or a promissory note approved for issue by a chartered bank of Canada or a Treasury Branch of the Province of Alberta, and guaranteed for a term of not less than six months after the expiry of the period for which it is deposited.

The full name of the person for whom the offer is made followed by his occupation and his address for service must be indicated. Where the bid represents undivided interests, each interest shall be expressed in decimals to a maximum of four places.

The offer should be enclosed in a sealed envelope with "Coal Lease Offer, 1984 December 19" indicated on the outside of the envelope. The offer should be mailed to:

Director, Mineral Agreements Branch
Alberta Energy and Natural Resources
Room 807, John J. Bowlen Building
620 - 7th Avenue S.W.
CALGARY, Alberta
T2P 0Y8

The offer may also be handed to any person in Room 807, John J. Bowlen Building, Calgary, Alberta, acting for the Director of Mineral Agreements.

The offer received with the highest refundable work deposit will be deemed to be a winning bid and all other offers will be rejected. The Department will publish the list of accepted offers at 10 a.m. on the day following the sale and make it available at:

Alberta Energy and Natural Resources
11th Floor, Petroleum Plaza, South Tower
9915 - 108 Street
Edmonton, Alberta
T5K 2C9

or

John J. Bowlen Building
Room 807, 620 - 7th Avenue S.W.
Calgary, Alberta
T2P 0Y8

5.0 THE TENDERING PROCESS (Cont'd)

5.2 INSTRUCTIONS TO BIDDERS (Cont'd)

- 2 -

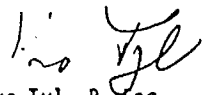
Any agreement which may be granted shall be issued in accordance with the Mines and Minerals Act and regulations thereunder.

Those parcels not sold will be available for posting requests for future sales.

The conditions governing any refund, all or part, of a deposit will be as set forth in the Refundable Work Deposit (Coal) Regulation which is in force and effect at the time of the refund. Interest is not paid on moneys deposited with the Department, but if the refundable work deposit is in the form of a bank draft or cheque, it may be exchanged for:

- (a) negotiable bearer bonds of the Government of Canada or the Province of Alberta, guaranteed as to principal and interest by the Government of Alberta and having an interest rate of not less than six per cent per annum, or with a date of maturity not more than six years after the date of presentation, or
- (b) term saving certificates issued by a Treasury Branch Act and assigned as to principal to the Minister of Alberta Energy and Natural Resources.

Attention is drawn to addenda expressed for certain parcels in the attachment.


Ivo Tyl, P. Eng.
Director
Mineral Agreements Branch

Attachment (1)

5.0 THE TENDERING PROCESS (Cont'd)

5.2 INSTRUCTIONS TO BIDDERS (Cont'd)

PUBLIC OFFERING OF CROWN
PETROLEUM AND NATURAL GAS RIGHTSpursuant to section 16(b) of the Mines and Minerals Act

The undersigned or person so authorized will receive up to 1987 March 04, 12 noon, offers to purchase petroleum and natural gas leases as described in SCHEDULE A and petroleum and natural gas licences as described in SCHEDULE B.

An offer of less than \$2.50/ha for a lease, an offer of less than \$1.25/ha for a licence will not be considered. Offers must conform to Bid Types I, II or III as set out in Information Letter 86-35 which provides general policy for the acquisition of petroleum and natural gas agreements.

The offer in each case must be accompanied by the full amount of the bonus, the rental at the rate of \$2.50/ha for the first year and the prescribed fee of \$50.00 per lease, \$500.00 per licence. The bonus, rental and fee in Canadian funds must be in the form of cash, bank draft, certified cheque on a chartered bank or certified Treasury Branch cheque payable to the Provincial Treasurer.

The department reserves the right to reject any or all offers received and to refund to the person making an offer the money received from him.

The full name of the person(s) or corporation(s) making the offer and the address for service must be indicated as required by sections 24 and 31 of the Mines and Minerals Act. If the offer is made by an individual, the person's occupation must also be indicated in the offer. Where the offer represents undivided interests, each interest shall be expressed in decimals to a maximum of four places.

The offer(s) should be enclosed in a sealed envelope with "Lease Offer(s), 1987 March 04" or "Licence Offer(s), 1987 March 04", as the case may be, indicated on the outside of the envelope. Offers for leases must be made in a separate envelope from offers for licences and each offer must include its own payment. The offer should be mailed to:

Manager - Oil and Gas Agreement Sales,
Department of Energy,
Room 807, John J. Bowlen Building,
620 - 7th Avenue S.W.,
CALGARY, Alberta.
T2P DY8

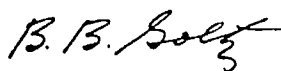
or handed to any person acting for him in Room 807, John J. Bowlen Building, Calgary, Alberta.

Where the person or corporation offering to purchase an interest in either a lease or licence is the holder of credits established in his name under the Exploratory Drilling Incentive Regulations or Geophysical Incentive Program Regulations, he may request that his share of the bonus, fee and rental be satisfied by the withdrawal from his account of the equivalent amount of credit. The request to apply credits as outlined above does not eliminate the requirement for submitting money in Canadian funds as outlined in this notice.

Attention is drawn to the attached ADDENDUM which is in accordance with the contents of Information Letter 76-11.

The department will publish the list of accepted offers on 1987 March 05 at 10 a.m. and make it available at the above address and the 11th Floor, Petroleum Plaza, South Tower, 9915 - 108 Street, Edmonton, Alberta.

Any agreement that may be granted shall be issued in accordance with the Mines and Minerals Act and regulations thereunder.



B. B. Goltz
Manager - Oil and Gas Agreement Sales.

1987, January 07
EDMONTON, Alberta

5.0 THE TENDERING PROCESS (Cont'd)

5.2 INSTRUCTIONS TO BIDDERS (Cont'd)

Page 1 of 1

ADDENDUM TO
PUBLIC OFFERING OF
PETROLEUM AND NATURAL GAS RIGHTS
March 04, 1987

SCHEDULE A

Leases A088 to A091 incl.

The lands in these leases are within the Shiningbank "Buck for Wildlife" project area. Surface access to these lands may not be given. For further information please contact:

Habitat Technician
Fish and Wildlife Division
Alberta Forestry, Lands and Wildlife
Provincial Building
Whitecourt, Alberta.
TOE 2LO
Telephone No. 778-2515
Attention: John Taggart

SCHEDULE B

Licence 006

The lands in this licence are within the Pembina Grazing Reserve Integrated Resource Plan. Access to this land may be restricted. For further information please contact:

Regional Manager
Alberta Forestry, Lands and Wildlife
West Central Grazing Reserves
Box 411, Provincial Building
Drayton Valley, Alberta.
TOE OMO
Telephone No. 542-3537
Attention: Morris Seiferling

Licence B039

Portions of Secs. 10 and 11, the S1/2 & NW1/4 of Sec. 15, Sec. 17, the NE1/4 of Sec. 18, Sec. 19 and the S1/2 & NW1/4 of Sec. 20-61-7-W6M are within Zone 4 (General Recreation) of "A Policy for Resource Management of the Eastern Slopes". Surface access is subject to specific operational conditions. For further information please contact:

Forest Service Division
Alberta Forestry, Lands and Wildlife
6th Floor, Bramalea Building
9920 - 108 Street
Edmonton, Alberta.
T5K 2C9
Telephone No. 427-3583
Attention: D. R. Lyons

5.3 RESULTS OF TENDERS

PAGE 1 OF 7

ALBERTA ENERGY
 PETROLEUM AND NATURAL GAS LEASES IN SCHEDULE A
 OFFERED MARCH 4, 1987

<u>Lease</u>	<u>Purchaser</u>	<u>Accepted Offer</u>	<u>Price/ha.</u>
<u>PLAINS AREA</u>			
A001	BRINKERHOFF RESOURCES INC. PETRALCO RESOURCES LTD. SHAPCO RESOURCES LTD. FIRST CALGARY PETROLEUMS LTD.	35%, 15%, 25% and 25%	\$ 10,183.68 \$ 79.56
A002	SAME AS A001		10,183.68 79.56
A003	KLAUNE RESOURCES LTD.		3,857.92 15.07
A004	PRECAMBRIAN SHIELD RESOURCES LIMITED CANADIAN OCCIDENTAL PETROLEUM LTD.	50% and 50%	7,260.00 28.36
A005	ONYX PETROLEUM EXPLORATION COMPANY LTD.		720.00 5.63
A006	ONYX PETROLEUM EXPLORATION COMPANY LTD. OEGALB PETROLEUM CORPORATION	50% and 50%	8,016.00 62.63
A007	SUNRISE RESOURCES LTD.		2,164.14 16.91
A008	SOOKE OILS LTD.		644.00 5.03
A009	SAME AS A008		644.00 5.03
A010	NOVALTA RESOURCES LTD.		115,786.00 452.29
A011	ACANTHUS RESOURCES LTD.		1,932.80 7.55
A012	ALBERTA ENERGY COMPANY LTD.		21,324.80 41.65
A013	ACANTHUS RESOURCES LTD.		7,808.00 15.25
A014	MURPHY OIL COMPANY LTD.		45,209.60 176.60
A015	SAME AS A015		29,024.00 226.75
A016	BARRINGTON PETROLEUM LTD.		41,136.00 321.38
A017	SAME AS A016		26,297.60 205.45
A018	WITHDRAWN		
A019	RENAISSANCE ENERGY LTD.		5,440.00 21.25
A020	BONANZA OIL & GAS LTD.		60,324.93 235.64
A021	TRILOGY RESOURCE CORPORATION		14,025.00 54.79
A022	EMPIRE LAND SERVICES LTD.		51,666.00 201.82
A023	BONANZA OIL & GAS LTD.		71,212.80 278.18
A024	SAME AS A023		80,787.20 315.58
A025	POCO PETROLEUMS LTD.		23,251.20 90.83
A026	PENSIONFUNO ENERGY RESOURCES LIMITED		185,777.00 1,451.38

5.4 THE "SLIDE" BID

A common practice in tendering of petroleum and natural gas agreements is the use of a "slide bid". This allows bidding on a maximum number of parcels of land (referred to by the "lease" or "licence" number on the tender), in an established order of priority, or "slide".

Saskatchewan accepts a maximum of three "options" as part of the "slide", whereas Alberta allows four. The example below reflects the Alberta case.

TENDER "A"

LEASE NUMBER	FOUR OPTIONS			
	A	B	C	D
1	\$25K	\$50K	\$60K	\$100K
2	\$25K			
3	\$25K	\$20K		
4	\$25K	\$30K	\$40K	

(Note: The above is equivalent to four independent tenders, each to be judged on its own merit)

In the above, the tenderer is strictly interested in acquiring the rights in the following order of priority:

- FIRST (A) - All four "leases" (1,2,3,4)
- SECOND (B) - Three of the four (1,3,4)
- THIRD (C) - Two of the four (1,4)
- FOURTH (D) - Only one lease (1)

Obviously, lands under "Lease No. 1" are the most attractive to the prospective buyer, with Lease No. 4 being second in importance, followed by 3 then 2. The tenderer will only consider acquiring all four if they can be had at ne hundred thousand dollars in total.

It is also worth noting that the evaluation process is carried out on a "lease-by-lease" approach, so that a tenderer's TOTAL price may not necessarily have any SWAY in the final award. Staying with the above example, if Tender "B", on the next page, were received, it would succeed, although having a TOTAL worth of ninety thousand dollars (\$90,000) instead of one hundred thousand (\$100,000) of OPTION "D" proposed in Tender "A" for lease No. 1 alone.

5.4 THE "SLIDE" BID (Cont'd)

TENDER "B"

LEASE NUMBER	TWO OPTIONS	
	A1	B1
1	\$30K	\$65K
2	\$30K	
3	\$30K	\$25K

This example further illustrates two important points. First, Tenderer "B" definitely wins "Leases No. 1 and No. 3" against Tenderer "A". Second, Tenderer "A" does not win a single "Lease". His interest in Lease No. 4 is irrelevant, since it is conditional upon the simultaneous added acquisition of 1, 2 and 3 or 1 and 3. If there are no more tenders received for "Lease No. 4" it would be declared to have a "No Qualified Bid" on it, and may be "posted" or tendered at a later sale.

The underlying principle in this process is that the Crown is more interested in stimulating development of the largest number of areas than in gaining a marginal benefit from the initial fees payment ("bonus"). The establishing of new reserves, and the annual rentals and royalties will eventually offer greater gains.

OTHER "BID" TYPES

Alberta accepts two other types of bids:

TYPE I - a straightforward offer on one "lease" or "licence".

TYPE II - is the previously described "slide" bid.

TYPE III- applies to instances where the "lease" or "licence" relates to the same lands for both the deeper and shallow rights, and the bidder, if unable to acquire agreements for both, wishes to have neither.

5.4 THE "SLIDE" BID (Cont'd)

A "SLIDE-BID" RESPONSE TO A TENDER
FOR PETROLEUM/GAS LEASE
(SASKATCHEWAN)

THE FOLLOWING IS A TYPICAL LETTER OF TRANSMITTAL ACCOMPANYING A TENDER WHEN THE FIRM WANTS TO BE CONSIDERED ON A "SLIDE" BASIS:

We would kindly request that you consider our bid on the following parcels as indicated in your Public Notice dated _____.

The first bids to be considered are those bonuses listed under Group A.

If we are not successful in our bid on Parcel No. 9 and at least one other parcel in Group A, we wish to cancel the bids in Group A and bid on Group B.

If we are not successful in both of our bids in Group B, we wish to cancel both of our bids in Group B and bid on Group C.

<u>PARCEL NO.</u>	<u>ACRES</u>	<u>GROUP A</u>	<u>GROUP B</u>	<u>GROUP C</u>
9	80	\$ 3,528.80	\$ 4,207.20	\$ 5,088.80
8	160	4,846.40	6,510.40	
10	<u>160</u>	<u>4,062.40</u>	_____	_____
	400	\$12,437.60	\$10,717.60	\$ 5,088.80

We are enclosing our cheque in the amount of \$12,067.60 to cover the bonus consideration for the above mentioned parcels, together with the first year's rental at ___ cents per acre per month for the months of _____

_____, and lease fees of \$25.00 per lease.

In the event that we are successful in our bid on any of the above mentioned parcels, we would request that the lease(s) be issued in the following names: _____

(Courtesy of the Administrator of Petroleum Lands, Regina, Saskatchewan)

5.5 OTHER BIDS

The "Slide Bid" mentioned in Section 5.4 differs from the regular one-quote bid, only in its flexibility to compete for more than one item, or "offering". In all other respects, it resembles a regular bid, with the standard elements of:

- deposit (or guarantee of performance)
- fixed amount of "rent" per hectare (per year)
- agreement to respect conditions of tendering

Some variation can occur in the structure of the "deposit" on all bids. Either a "lump sum" amount is requested, or a "work program" must be submitted.

In the first instance, the amount of deposit becomes a fund from which exploration expenses can be reimbursed. In the "program" a plan and schedule of works must be approved, outlining some definite action.

6.0 IMPLEMENTATION CONSIDERATIONS

This section is intended to highlight some of the major items that need to be addressed when formulating a new pricing system.

The subsections are not developed in any detail since it was not the intent, in such a brief study, to attempt to do justice to such a formidable task. It is assumed that once a decision is made to structure a future pricing system, the Directorate will undertake an exhaustive study.

The reader is asked to view this entire chapter as a "workshop" tool to generate discussion that will eventually establish the guiding principles of the future system.

6.1 PHASES TO CONSIDER:

6.1.1. ESTABLISHING THE POLICY/PROCEDURES

6.1.2. APPLYING FOR LICENCE/PERMIT

6.1.3. GRANTING PERMISSION

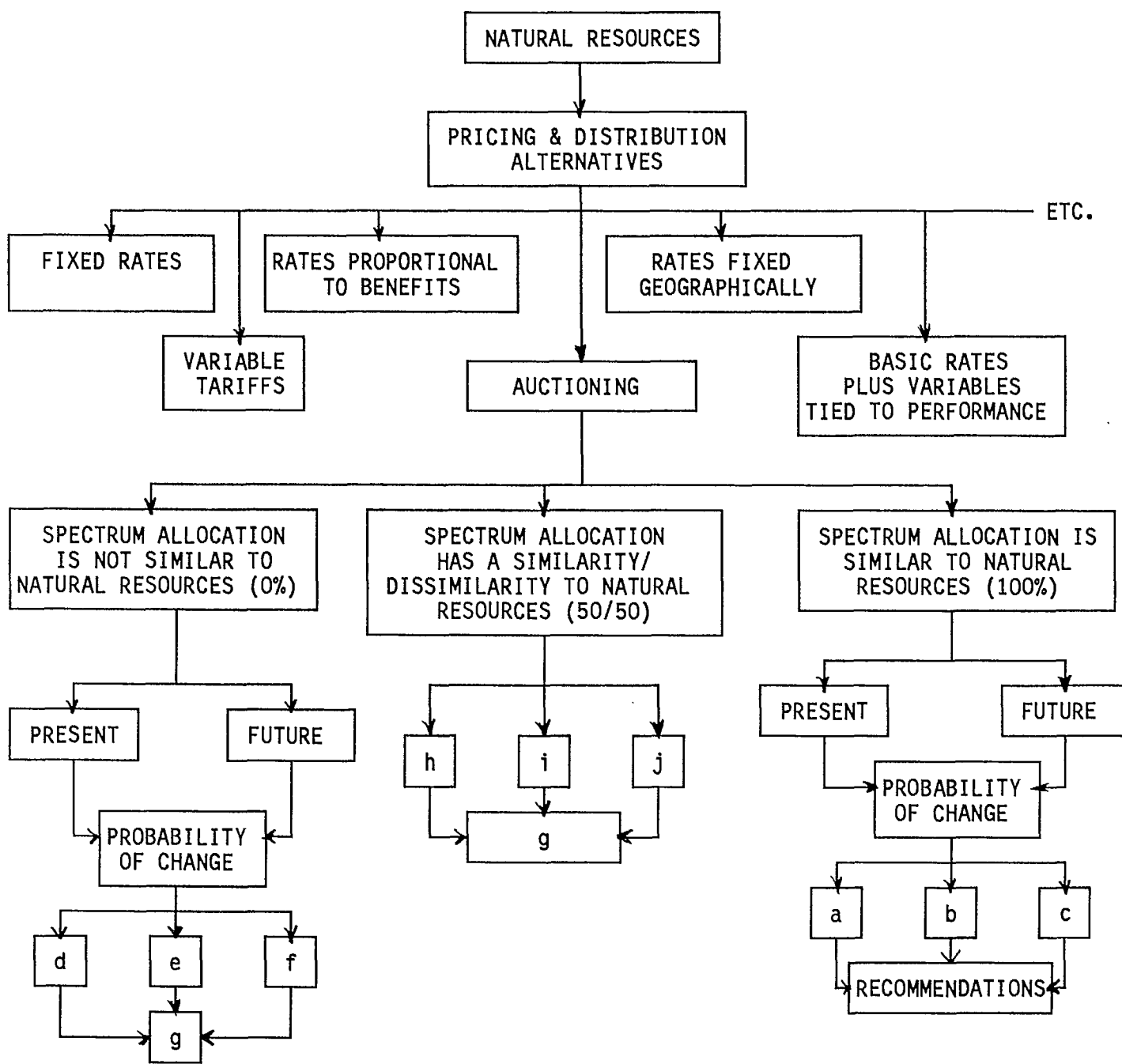
6.1.4. DOCUMENTATION/ARCHIVES SYSTEM

6.1.5. MONITORING THE EXPLOITATION/TERMS OF LICENCE

6.1.6. INTERVENTIONS/CONTROL/CURTAILMENT OF RIGHTS GIVEN
(BY LICENCE/PERMIT/LEASE)

6.1.7. RENEWALS - AS PER PREVIOUS ISSUE (STATUS QUO)
- WITH MODIFICATIONS (PERFORMANCE/COST/VALIDITY)

6.2 FUTURE CONSIDERATIONS - THE OVERALL FLOW



a= spectrum less similar

b= none

c= changes in both spectrum & resources yields constant relationship

d= increased similarity

e= none

f= even greater divergence

g= recommendations

h= growing dissimilarity (< 45%)

i= stable relationship

j= increasing similarity (> 55%)

6.3 CHARACTERISTICS OF NATURAL RESOURCES vs SPECTRUM FREQUENCIES

CHARACTERISTIC	NATURAL RESOURCES	SPECTRUM FREQUENCIES
1. EXPLOITATION	<ul style="list-style-type: none"> - visible - tangible labelling - development costs associated with immediate resource are not transferable - preliminary or trial methods are repeatable on many sites 	<ul style="list-style-type: none"> - invisible - theoretical assignment - development costs may apply to other frequencies - prototypes may not function at other frequencies
2. PATTERNS <ul style="list-style-type: none"> - coverage - usage - density 	<ul style="list-style-type: none"> - one or a few persons or activities over vast areas - regular, predictable over confined territories - natural and variable but usually quantifiable 	<ul style="list-style-type: none"> - multiple users and multiple functions concentrated over limited/adjacent bands - frequency of system access and "peaking" of usage (high and low) - man-made user congestion especially around urban centres
3. REGULATIONS <ul style="list-style-type: none"> - municipal - provincial - fédéral - international - government control over final usage 		

6.3 CHARACTERISTICS OF NATURAL RESOURCES vs SPECTRUM FREQUENCIES (Cont'd)

CHARACTERISTIC	NATURAL RESOURCES	SPECTRUM FREQUENCIES
<p>3. REGULATIONS (cont'd)</p> <ul style="list-style-type: none"> - policing/verification methods: <ul style="list-style-type: none"> i) persons ii) timing iii) technology iv) location v) complexity vi) ease of setting standard - existing legislation - evolving legislation <p>4. TECHNOLOGY</p> <ul style="list-style-type: none"> - environmental constraints - sophistication - size implications - speed of operations - rate of evolution 		

6.4 NATURAL RESOURCES PROVIDE PARALLELS

The various formalities discussed in the first part of this report highlight techniques that are readily transferrable to the administration of the Spectrum. It is worth mentioning a few:

6.4.1 Tendering Procedures

In cases where competition occurs for the allocation of a specific portion of the band, or for a technical solution, a "tendering" process may resolve the issue.

EXAMPLE 1

A request for the 22.5-23 GHz portion of the band for fixed service assignments.

This band is allocated on a co-equal basis to fixed and broadcasting satellite services.

EXAMPLE 2

Adoption of a transmission system as a standard for Canada (eg. Motorola "C-QUAM")

6.4.2 Priority Usage

Legislation is in place which can give preference to various groups vying for a specific natural resource. This is accompanied by qualifying statements governing the extent and manner of exploitation.

A selected section of the band can be designated for a service based on the intended coverage properties; the cost of the associated equipment; the socio-economic value of the service (eg. World Summits; Research projects; etc.), or a combination of all these.

6.4.3 Planning Lead Times

In much the same way as a major project requires large time delays for planning, studying impacts, and making changes to accommodate the new venture (eg. a hydroelectric development), the launching of a telecommunications service can entail from 10 to 20 years of lead time. This would allow the industry, for example, to apply and make channel/frequency changes in a logical manner.

6.4.4 Impact Assessment

Impact Assessment studies are a requisite for major and environmentally sensitive projects.

The parallel exists with interference studies essential to telecommunications projects.

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT - THE ALBERTA EXPERIENCE

The previous pages indicated some characteristics of natural resources and a cursory look at their equivalents within the Radio Spectrum.

The following table (items 1.0 to 3.0) reprints pages 19 and 20 and excerpts from pp. 95-95 of the Report from the Alberta Water Resources Commission entitled:

"WATER MANAGEMENT IN THE SOUTH SASKATCHEWAN RIVER BASIN"

As a preliminary exercise to develop group discussion on novel approaches to Spectrum Management, it may prove interesting to try to complete the table, as shown in the first few issues.

WATER MANAGEMENT REPORT

1.0 ISSUES

1.1 Water resources in the basin are limited and highly variable in time and place.

1.2 The needs for these resources will increase with population growth and with agricultural and industrial expansion.

1.3 The potential for water pollution increases as population and activity grow.

1.4 The greatest water needs occur during low flow seasons and years. Conversely, water demand is usually lower when natural flows are high.

1.5 There is a public desire for adequate, stable and safe water supplies for all uses.

1.6 Certain water uses are in conflict with others.

	SPECTRUM MANAGEMENT	
	RELEVANCE	COMMENTS
	YES	The Radio band is limited yet constant.
	YES	Demand is proportional to population.
	YES	Frequency congestion likewise occurs.
	YES	Communications needs follow economic activity and user lifestyle patterns.
	YES	Communications is the vital backbone of our socio-economic environment.
	YES	Coexistence, however is possible.

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT -
THE ALBERTA EXPERIENCE (Cont'd)

WATER MANAGEMENT REPORT

1.0 ISSUES (Cont'd)

1.7 External forces, including the need for investment equity with other parts of the province, the impact of marketing the agricultural and industrial products, and the overall provincial economy, influence water management decision.

Given the above, how do we both continue to use and sustain the water resources of the basin as the upper limits of supply are reached?

2.0 PRINCIPLES

2.1 The Apportionment Agreement must be satisfied.

2.2 Water should be used to achieve economic and social goals within the basin, but this should be accomplished in an environmentally sensitive manner. In this regard, important points include the following:

2.2.1 safe drinking water, reasonably attained;

2.2.2 Albertans value the basin's productive agro-climatic conditions, natural areas, fisheries, wildlife, recreation sites, and areas of historic and geologic interest;

2.2.3 safe instream water quality; and

2.2.4 stability and diversification of agriculture are important goals.

SPECTRUM MANAGEMENT

RELEVANCE

COMMENTS

Yes

Yes

Yes

Yes

This "Agreement" defines the shared usage by ALTA./SASK./ and MANITOBA. Spectrum usage is also on a "shared" basis.

Economic & social goals are also affected in Spectrum. Environmental issues can be replaced by National Security, issues, for example.

Cultural and national identity.

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT –
THE ALBERTA EXPERIENCE (Cont'd)

2.0 PRINCIPLES (Cont'd)

	SPECTRUM MANAGEMENT	
	RELEVANCE	COMMENTS
2.3 Security and consistency of supply along with safe water quality for the public at large are considered essential.	Yes	
2.4 The principle of multi-purpose use should be the basis for planning and management. In certain situations, it may be necessary, after protecting a baseline flow for the safety of instream line and downstream users, to zone portions of the system largely for major beneficial uses, such as the operation of a reservoir to service irrigation or the preservation of a specific reach of a river in reasonably natural condition.	Yes	
2.4.1 Mitigation is a fundamental element of this planning and management.	Yes	Alleviation.
2.5 Technical solutions to secure water supply and quality must be chosen carefully to minimize environmental impact.		
2.6 The South Saskatchewan River system must be considered as a whole for distribution of uses and for management. The integrity of the individual watersheds within the basin should be protected by maintaining safe instream flows.		
2.7 High, but practical, levels of water use efficiency and conservation are required.		
2.8 Because of the uncertainty associated with future water demands and in recognition of the limitations and unpredictability of the supply, the system should be managed to retain reserve capacity.		

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT—
THE ALBERTA EXPERIENCE (Cont'd)

3.0 LICENSING OF SURFACE WATER USERS	SPECTRUM MANAGEMENT	
	RELEVANCE	COMMENTS
<p>3.1 The most significant licensing issues to consider relate to irrigation, and focus on the water-short basins. Comments varied from statements that over-allocation was evident during rather frequent low flow periods to suggestions that increased licensing opportunity should be available for those wishing to take advantage of water supplies for irrigation when they are available. Under modern irrigation processes, the high level of farmer investment was deemed, by the public, to require reasonable security for a continuous water supply.</p> <p>3.2 It seems generally accepted by the public that the prior allocation "First in Time, First in Right" policy for licencing is necessary, providing its subsequent application in times of critical supply is fair and reasonable. However, a review of the policy as it relates to shutdown during critical flow periods is suggested. Differences, which may only be apparent, respecting security of water supply between the private water user (irrigator) and those supplied as part of Irrigation Districts, should be clarified to assure fairness in the application of policies and practices.</p> <p>There is a need for Government to have the authority and a working policy which can vary the priority system regarding the amount and continuity of supply during critical water supply periods. The authority to alter the priority right should allow for such options as rationing supply to all users,</p>		

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT -
THE ALBERTA EXPERIENCE (Cont'd)

3.2 (Cont'd)

rotation of supply, curtailment of certain uses and/or transfer of selected uses to others.

If necessary, legislative changes should be initiated to provide this flexibility. The condition for licencing should assure the private irrigator supply security comparable to the Irrigation District irrigator.

3.3 As water amounts become licensed to the maximum level from the supply available, it will be important that optimum uses be achieved, to the point of reassigning present licences which are relatively unused and where effective and efficient use of the water is not being demonstrated.

3.4 A comprehensive review of all licences and assessments should be made by the Government and the Irrigation Districts to determine whether the water that is committed is being efficiently and effectively used as intended by the Province's Water Use Objectives and the applicable public investments.

3.5 Commitment of water to licencing should respect any policy formulated to ensure a reserve capacity to absorb the effects of unexpected occurrences and shifts in demand.

3.6 A fixed allocation formula (i.e. quantity of flow) should not be established. To facilitate this recommendation, government investment, which will be a major determinant of both location and magnitude of development, should be directed in a manner which will ensure that the initiatives of the farming community to invest are not

SPECTRUM MANAGEMENT	
RELEVANCE	COMMENTS

6.5 WORKSHOP EXERCISE FOR LEARNING FROM WATER MANAGEMENT –
THE ALBERTA EXPERIENCE (Cont'd)

		SPECTRUM MANAGEMENT	
		SPECTRUM MANAGEMENT	
3.6 (Cont'd)		RELEVANCE	COMMENTS
<p>unfairly biased towards development in existing Irrigation Districts, as compared to new, more regionally distributed areas.</p> <p>3.7 A supply of water should be reserved for some strategic water-based development in the basin. Such a reservation should be subject to reviews at five-year intervals to determine whether the irrigation uses and investment, including farmer investment, supports increasing or decreasing the reservation.</p>			
<p>4.0 <u>LEGISLATION AFFECTING WATER USAGE</u></p> <p>The nature of water and its applicability for varied uses (transport; irrigation; energy; fishing; domestic) renders it valuable to many levels of legislation</p> <p>4.1 Municipal 4.2 Provincial 4.3 Federal 4.4 International</p>		Yes	

6.6 ORGANIZATIONAL STRUCTURING - AN EXAMPLE FROM THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (NORTHERN NON-RENEWABLE RESOURCES DIRECTORATE)

When addressing issues of licensing and monitoring of the Spectrum for remote areas, perhaps some lessons can be learned from D.I.N.A. Furthermore, if auctioning or a "lottery" system were introduced for all applications in the sparsely-populated regions, the Department of Communications could request permission from D.I.N.A. to share its office facilities on a temporary basis, for its (DOC) agents sent to administer this occasional licensing.

RESPONSIBILITIES

This division is responsible for defining mineral potential of certain areas in the North related to specific problems, for advising various government agencies on current and proposed mining and exploration developments, for developing mineral policy and mining legislation, and for collecting mining royalties. The division in Ottawa comprises two sections - Mining Resources and Mining Lands.

In the North all mine and mineral responsibilities are handled by regional directors who are responsible for the respective northern affairs programs. Three separate sections are each located in Whitehorse, Yukon, and Yellowknife, Northwest Territories; these include Exploration and Geological Services, Mining Lands, and Mining Engineering and Inspection Services.

MINING LANDS

The Mining Lands Section develops policies and initiates and assists in drafting appropriate legislation relating to the administration and disposition of mineral rights in the Yukon and the Northwest Territories. The section is also responsible for the collection of royalties payable from mining operation in the territories.

For administrative purposes, the territories have been divided into seven mining districts. A mining recording staff is responsible for the disposition of mineral rights within each district in accordance with applicable legislation. There is a supervising mining recorder in each territory whose principal functions is to ensure that uniform practices are observed in the administration of the various mining acts and regulations.

MINING RESOURCES

The Mining Resources Section maintains a microfilm library on all published geoscientific reports and on unpublished assessment reports for the Yukon and the Northwest Territories. This office's prime concern is assessment and definition of mineral potential of specific commodities and areas in the territories relating to proposals concerning parks, land claims, transportation routes, power developments, etc. This section and the Mining Division as a whole inform and advise the minister on current and proposed mine and exploration developments in the North. Monthly and annual reports

6.6 ORGANIZATIONAL STRUCTURING - AN EXAMPLE FROM THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (NORTHERN NON-RENEWABLE RESOURCES DIRECTORATE) (Cont'd)

in Mines and Mineral Statistics and Mine and Minerals Activities, respectively on the North are produced by the Mining Resources Section for use by the mining industry, public and government.

Exploration and Geological Services sections provide a geological service to the mineral industry in the North. Offices are maintained at Whitehorse and Yellowknife. Two core libraries, the H.S. Bostock library at Whitehorse and the C.S. Lord library at Yellowknife, preserve diamond drill core data. Each has laboratory facilities for core splitting, diamond-saw cutting, thin-section preparation and core storage. Regional and district geologists carry out mineral property examinations, collect rocks and mineral specimens and advise the mineral industry, government departments and research scientists on geological problems. Departmental geologists assist prospectors and other geologists in identifying rock and mineral specimens by giving prospector training courses and preparing geological compilation maps on mineralized areas.

MINING ENGINEERING

This section gives advice on the Mining Safety Ordinances and Mining Safety Rules and Regulations as well as the Blasting Ordinance and Regulations in the Yukon and the Explosives Use Ordinance in the Northwest Territories. It also prepares new safety legislation when required. Regional mining engineers are stationed at Whitehorse and Yellowknife. The senior mining engineer has on his staff a district engineer, an electrical-mechanical engineer, environmental engineer, a mine rescue superintendent, a claim inspector and a clerk. This team is responsible for inspecting mines, quarries and blasting operations to ensure compliance with safety legislation; for inspecting mineral claims to ensure compliance with the Yukon Quartz Mining Act and the Northwest Territories Canada Mining Regulations; for ensuring that sufficient mine personnel are trained in mine rescue, recovery operations and first aid; for conducting ventilation and dust surveys; for monitoring radioactive contamination; and for carrying out environmental studies of all underground and surface mining properties.

NOTE: The basic text was reprinted from "Mines and Minerals Activities 1980", Ministry of Indian Affairs and Northern Development.

7.0 CONCLUSIONS & RECOMMENDATIONS

7.1 COMMON ELEMENTS

The prime objective of this study was to identify and analyse administrative procedures and legislation used in the assignment of rights to natural resources. After gathering data from representative disciplines in most provinces, the following common elements appeared:

- 7.1.1 Structured Awarding and Renewal Procedures
- 7.1.2 Formal Certification of Rights
- 7.1.3 System of Yearly Accountability
- 7.1.4 Fiscal Regime Governing the Acquired Rights
- 7.1.5 Implicit or Explicit Interdisciplinary Dependencies
- 7.1.6 Procedure for Resolving Overlapping Interests
- 7.1.7 Process is in State of Evolution

7.1.1 Structured Awarding and Renewal Procedures

Rights to explore, and to exploit natural resources are conveyed via licenses, permits, leases, and agreements. These are granted, following an approved application process that is based on either:

- i) First come - first served basis
- ii) The selection of the best tender
- iii) A randomly generated selection

The empowering document usually includes a selection of the following items:

- i) Application Form (once approved)
- ii) Application Fee
- iii) Identity of the Applicant and "nature"
- iv) Type of Resource
- v) Location of Resource
- vi) Proposed Activity
- vii) Methodology (of exploration or production)
- viii) Equipment Proposed for Activity
- ix) Dates - of activity
- of validity of document
- x) Conditions for Operating and Renewal
- xi) Annual Fees (area charge; fire tax; stumpage fee; etc.)
- xii) Annual Work Commitment
- xiii) Payment in Lieu of Work
- xiv) Grouping and Carrying Over of Work Effort
- xv) Transfer or Assignment/Disposition Procedures
- xvi) Arbitration Procedures
- xvii) Related Acts and Regulations
- xviii) Authorized Ministry or Department

7.1 COMMON ELEMENTS (Cont'd)

7.1.2 Formal Certification of Rights

Whether it is a permit, a licence, or a lease, the licensee's rights to the resource are explicitly defined. An authorization to explore, for example, does not allow any work that could be deemed "development" or "exploitation" of the resource. Some licences, as in the case of Wildlife, may restrict hunting in an area; by season; and by species.

7.1.3 System of Yearly Accountability

On an annual basis, usually at the anniversary of the licence, the licensee must give proof that:

- i) Activities undertaken during the year were as per authorized
- ii) An honest effort has been made to develop the resource in question
- iii) The conditions set forth by the licence have all been met, or if not, a reasonable explanation can be provided
- iv) Interest still exists in maintaining the licence, as evidenced by the request for renewal

Usually detailed "work" and "assessment" reports are required prior to renewal of rights.

7.1.4 Fiscal Regime Governing the Required Rights

Payment for the right to a resource varies widely, ranging from a single charge for the licence (eg. fishing), up to a complex tariff structure based upon work effort, extent of resource proven, and quantity of resource "extracted". Nevertheless, there are three common elements always considered:

- i) An administrative charge for the documentation, processing, and management of the licence.
- ii) An "inducement" fee to encourage the full development of the resource.
- iii) A royalty and/or taxation scale to provide benefits to the Crown.

7.1 COMMON ELEMENTS (Cont'd)

7.1.5 Implicit or Explicit Interdisciplinary Dependencies

The granting of rights in any resource sector is governed by specific legislation. However, there is always reference to regulations from related sectors that may impact upon the use of a given resource.

As an example, a licence for Land use may easily entail approvals from various Departments:

ENVIRONMENT/TRANSPORT/FISHERIES & OCEAN/
FORESTS/MINES/INDIAN LANDS/etc.

7.1.6 Procedures for Resolving Overlapping Interests

Given the nature of physical resources, conflicts can arise over multiple uses that are envisaged for a given area. For example:

- Mining and Agriculture or Municipal Use
- Recreation and Mining
- Mining and specific minerals
(eg. coal/uranium/potash/salt)
- Fishing and Campgrounds

In many instances, compatibility is possible; however, legislation usually address procedures for resolving conflicts.

7.1.7 Process is in a State of Evolution

In meeting with the various government representatives, it was clear that within each provincial context, the system for granting rights has seen little drastic change for any given resource sector. Nevertheless, everyone was quick to point out the large number of "amendments" that have occurred, or are now already proposed. At the Federal level, the recent "Offshore Agreements" reflect some major changes that have occurred within the Oil & Gas sector.

Some other examples of current change can be found in the following areas:

MINING - All provinces interviewed
FORESTS - In particular Ontario and Saskatchewan
LANDS - Nova Scotia provides a good case

7.2 DISTINGUISHING FEATURES

It seems inappropriate to compare practices in one resource sector with those of another. Therefore, we will examine only features of an assigning process that characterize it specifically. The reader is referred to earlier chapters for more details on the sector.

- 7.2.1 Award Procedure
- 7.2.2 Proof of Renewability
- 7.2.3 Exclusions

7.2.1 Award Procedure

- i) First Come - First Served: - a process found in many sectors
 - some provinces limit the quantity of resources that can be claimed by any individual
- ii) Public Tendering:
 - found mainly in oil and gas
 - allows for a great participation from industry (locating the area and deciding the type of permission)
 - relatively easy to administer
 - provides maximum benefit to the Crown, since it guarantees optimum exploitation
 - variances occur in setting a minimum rate per area or accepting "lump sum" quotations
 - Crown receives a deposit to guarantee performance
 - selects the most interested party
 - awards are either on a "cash bonus" or "work bonus" basis
- iii) Random Selection:
 - very effective and equitable manner for allocating a fixed quantity of a resource to a much greater demand population
 - usually simple to administer
- iv) Economic Rent:
 - most systems do not attempt to justify the rates set for a given resource licence. It is more common to find a traditional evolution.
 - some provinces, however, have started moving towards a "market-sensitive" approach (eg. Nova Scotia now uses a market value of land in granting Commercial leases for Land Use and Ontario is reviewing its price structure for Mines)
 - in some sectors, the "rent" is adjusted to encourage or accelerate resource exploitation

7.2 DISTINGUISHING FEATURES (Cont'd)

7.2.2 Proof of Renewability

What sets one system apart from the other is the level of detail requested to prove that an effort has been expended that warrants continuation of the right. This may include:

- i) Detailed man-hour reports
- ii) Geological reports - signed or not
- iii) Audited (or not) expense statements
- iv) Status report on past years "PLAN" and submission of "PLAN" for forthcoming year

7.2.3 Exclusions

There are specific restrictions in one sector versus another, and each province may also have unique requirements:

- i) Some activities are not considered valid "work" effort
- ii) Specific minerals may be excluded from the "Minerals Act" (eg. coal in Nova Scotia and Newfoundland)
- iii) Rights for one resource may be exclusively the domain of the Federal Government (eg. Parks & Resources are excluded from "Land" considerations); whereas others may be yielded from the Federal to the Provinces (eg. Oil & Gas)
- iv) Legislation may exclude a species or a subelement of a resource in one province, whereas it doesn't in another.

7.3 CONCLUSIONS

This study has achieved its first objective of identifying methods of assigning exploitation rights, by exploring these sectors:

- Petroleum & Gas
- Mines
- Lands, Parks & Wildlife
- Forests
- Nuclear

The discussion in Section 3.7 further helps to illustrate the various factors to consider when major undertakings involve numerous resources.

The flow diagrams, and excerpts from legislation and procedural manuals should provide adequate description of mechanisms associated with the assignment methods.

The second objective was to address the comparative merits of various systems encountered, and to highlight some implementation considerations for distribution methods in general, and auctioning in particular. The description of the Petroleum and Gas sector provides elaboration of the auctioning process. Furthermore, in Chapters 5 and 6, the reader can find various tools that will guide any plan to implement auctioning or other procedures for licensing Spectrum usage. The report also provides ample examples for the essential phases of a regulatory process, regardless of which one is selected. The Directorate can easily gauge which methods bear the greatest affinity to their own operations.

It is evident from our research on these other sectors, that various approaches can succeed for licensing the spectrum. What is imperative at the onset of designing any method, is to establish:

- i) the prime objective of the procedure (eg. to control or to encourage usage?)
- ii) realistic targets (eg. quality of performance; economic rents; practicality; etc.)
- iii) minimum criteria (eg. local participation)
- iv) the dependencies of the proposed procedure, and its potential impact
- v) the legislative framework governing the resource sector

We are confident that enough data has been presented to permit a judicious selection of the most appealing characteristics of the various systems.

By careful integration of all the concepts put forth in this text, the Regulatory Policy and Planning Directorate if it so desires, should be well poised to structure a revolutionary Spectrum pricing system that would further enhance its leading role within the Telecommunications Regulatory community.

7.4 RECOMMENDATIONS

There are numerous valuable lessons to be learned from the data compiled on these resource sectors.

It is recommended that some of the concepts reviewed could be acted upon almost immediately, even if only on a trial basis. Three bear particular interest:

- AUCTIONING
- WORK PROGRAM CONCEPT
- RANDOM SELECTION

The principles of "Auctioning" can be used not solely to award a licence or a contract; but also to identify the most "suitable" candidate in any system. Next, the "work program" approach used by the Petroleum and Gas industry could be modified for Spectrum. A candidate applying for a licence within a lucrative metropolitan area, for example, might be asked to provide additional services in some remote area, as a condition of licensing.

The last concept, of "Random Selection" may be interesting for Spectrum in limited areas. The overcrowding of the citizen band (GBS) may well be controlled by a lottery-type award of licences, such as is done for the award of hunting licences.

It is further recommended that as a first step towards creating a new pricing and assignment system, the contents of Chapter 6 be reviewed by the Directorate. This would undoubtedly lead to the creation of various activity "flow diagrams" that capture the essence of the proposed system. Next, the issues raised earlier in 7.1, would be addressed, if still not resolved. Having previously identified those procedures from a "model sector" that can most closely bear upon the Spectrum system, then at this phase of development, further details can be assembled from an in-depth analysis of that sector.

As a final recommendation, we would like to mention the evaluation of any proposed system within the context of national and international frameworks to ensure maximum probability of its success.

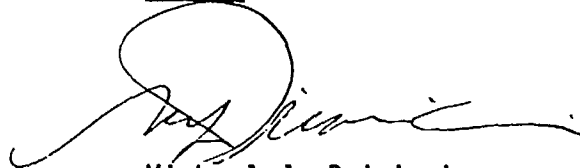
A STUDY
OF RESOURCE
EXPLOITATION ASSIGNMENTS
APPENDICES

Submitted
by
DOUSERV INC.

To
The Department of Communications
REGULATORY POLICY
AND
PLANNING DIRECTORATE

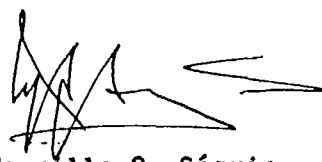
31 March 1987

Author:



Michael J. Primiani
Senior Projects Director

Approved:



Maurille G. Séguin
President

A STUDY
OF RESOURCE
EXPLOITATION ASSIGNMENTS
APPENDICES

- 8.1 PERSONS INVOLVED IN THE STUDY
- 8.2 NOTES FROM INTERVIEWS
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- 8.9 ROYALTIES - NEWFOUNDLAND PETROLEUM
- 8.10 PETROLEUM & GAS CONTRACTUAL TERMINOLOGY
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NOVA SCOTIA PETROLEUM
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8.1 PERSONS INVOLVED IN THE STUDY

After the initial phone contact was established with a potential resource person, information was requested, or a meeting time established for an in-depth interview.

In all instances, these individuals proved extremely cooperative and supportive of our work. In many cases, they also referred us to other sources, and provided related documentation that broadened our search.

The secretarial staff associated with the personnel identified in this Appendix, likewise deserves a special vote of thanks for directing our queries through the organizational maze towards the most qualified individual to deal with our requests.

The following provided information useful to our research, either in the form of documentation, personal interviews, telephone discussion, or a combination from the three. Further details on interviews can be found in Appendix 8.2 that follows.

CANADIAN GOVERNMENT

Mr. Anthony G. Kopf-Johnson	ENERGY, MINES AND RESOURCES CANADA
Mr. W.A. Padgham	INDIAN AND NORTHERN AFFAIRS
Mr. J.A.S. Barrett	CANADA OIL AND GAS LANDS ADMINISTRATION
Mr. John M. Hodgkinson	INDIAN AND NORTHERN AFFAIRS CANADA
Mr. John T. Brennan	ENERGY, MINES AND RESOURCES CANADA
Mr. Ed Hogan	EMR - BIOENERGY DIVISION
Mr. Tom Ledwell	EMR - PROGRAM DEVELOPMENT & COORDINATION
Mr. Bruce E. MacDonald	NORTHERN PIPELINE AGENCY CANADA
Mr. Brent Scolie	ENERGY MINES & RESOURCES
Ms. Anne Sicotte	NATIONAL ENERGY BOARD
Ms. Irene Morris	CANADA OIL & GAS LANDS ADMINISTRATION
MR. Attila B. Balint	ATOMIC ENERGY CONTROL BOARD

8.1 PERSONS INVOLVED IN THE STUDY (Cont'd)

BRITISH COLUMBIA

Mr. Greg McKillop	MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
Mr. Denis K. O'Gorman	EMR - ENERGY RESOURCES DIVISION
Mr. John Lewis	ENERGY MINES & PETROLEUM RESOURCES - FINANCE AND ADMINISTRATION DIVISION

ALBERTA

Mr. David Luff	ALBERTA ENERGY, RESOURCE AGREEMENTS BRANCH
Mr. Eugene A. Saldanha	ALBERTA ENERGY AND NATURAL RESOURCES, MINERAL AGREEMENTS BRANCH

SASKATCHEWAN

Mr. Walter Bailey	PARKS & RENEWABLE RESOURCES - FOREST MANAGEMENT
Mr. Gordon Hutch	ENERGY & MINES - PETROLEUM & NATURAL GAS
Mr. Larry Oberik	SASKATCHEWAN PARKS AND RENEWABLE RESOURCES - RESOURCE LANDS BRANCH
Mr. M.E. Swanson	SASKATCHEWAN PARKS AND RENEWABLE RESOURCES - FISHERIES BRANCH
Mr. S. John T. Kirkland	SASKATCHEWAN ENERGY AND MINES, MINES BRANCH
Mr. Verne C. Fowke	SASKATCHEWAN WATER CORPORATION

MANITOBA

Mr. Fred H. Heidman	ENERGY AND MINES, MINES BRANCH
Mr. Jim Potton	NATURAL RESOURCES - RESOURCES ALLOCATION
Mr. John Spotter	ENERGY & MINES - MINES RECORDING

8.1 PERSONS INVOLVED IN THE STUDY (Cont'd)

ONTARIO

Mr. K.E. Cleary	MINISTRY OF NATURAL RESOURCES, TIMBER SALES BRANCH
Mr. Alaster L. Currie	MINISTRY OF NORTHERN DEVELOPMENT AND MINES - MINES & MINERALS DIVISION
Mr. James A. Robertson	MINISTRY OF NORTHERN DEVELOPMENT AND MINES - MINERAL RESOURCES BRANCH (POLICY)
Mr. Gary Weatherson	MINISTRY OF NORTHERN DEVELOPMENT AND MINES - MINERAL RESOURCES DIRECTOR
Mr. Kendra Secord	MINISTRY OF NORTHERN DEVELOPMENT AND MINES - CLIENT SERVICES
Mr. George Velema	DOMTAR INC. - FORESTER

QUÉBEC

(See separate listing)

NOVA SCOTIA

Mr. Paul K. Smith	DEPARTMENT OF MINES AND ENERGY
Dr. James M. Patterson	DEPARTMENT OF MINES AND ENERGY
Mr. Peter J. Rogers	DEPARTMENT OF MINES AND ENERGY
Mr. Rick Ratcliffe	MINERALS & PETROLEUM
Mr. Daniel Murray	MINERALS DEVELOPMENT
Mr. Robert S. Redden	LAND ADMINISTRATION
Mr. Mike S. McPhee	DEPT. OF MINES & ENERGY - PETROLEUM LANDMAN

8.1 PERSONS INVOLVED IN THE STUDY (Cont'd)

NEWFOUNDLAND

Mr. David Earles	CROWN LANDS
Mr. Mohammed Nazir	ASSIST. DEP'Y MIN. - FORESTRY
Mr. Ken Mercer	FISHERIES - LICENSING & INSPECTION/PROCESSING
Mr. Frank Pinhorn	FISHERIES - PROCESSING
Mr. Noel Gover	MINES - MINERAL RIGHTS ADMINISTRATION
Mr. John Sullivan	MINES - QUARRY MATERIALS
Mr. W. Hickey	CANADA/NWFLD OFFSHORE PETROLEUM BOARD
Mr. Angus Taylor	CANADA/NWFLD OFFSHORE PETROLEUM BOARD
Mr. Cyril Sturge	NATURAL RESOURCES - ECONOMIC RESEARCH AND ANALYSIS

YUKON

Mr. John Maisan	ENERGY AND MINES BRANCH
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NORTHWEST TERRITORIES

Mr. David E. Nutter	NWT CHAMBER OF MINES
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8.1 PERSONS INVOLVED IN THE STUDY (Cont'd)

8.1.1 Gouvernement du Québec

<p>MIN. ENERGIE ET RESSOURCES</p> <p>1255, Carré Phillips Suite 505 Montréal</p> <p>2100, rue Drummond Suite 240 Montréal</p>	Forêts	M. Jacques Lafrenière* Adjoint aux opérations régionales
	873-2140	
	Terres	M. Guy Lecourt Resp. du service régional des terres
	873-3864	
	Mines	M. Richard Boyer Technicien
	873-8814	
<p>MIN. ENVIRONNEMENT</p> <p>5199, Sherbrooke est Montréal</p>	M. René Côté Adjoint Administratif (514) 873-3636	
<p>HYDRO-QUEBEC</p> <p>800, Boul. de Maisonneuve est 16e étage Montréal</p>	M. Pierre F. Mercure* Conseiller en autorisations gouvernementales (514) 289-5385	
<p>CHASSE ET PÊCHE</p> <p>Récréative (individus) Bureau régional: 6255, 13e Ave. Rosemont, Qc 374-5840</p>	M. Daniel MacDuff Chef du service des permis (418) 644-8374	
	M. Hervé St-Pierre Chef du service des réservations (418) 643-8029	
<p>MIN. AGRICULTURE, PÊCHE ALIMENTATION (M.A.P.A.)</p> <p>Renseignements généraux (418) 643-2673</p>	M. Jean-Guy Demers Chef du bureau régional direction service aux usagers (418) 643-5440	
<p>RÉGIE DE L'ÉLECTRICITÉ ET DU GAZ</p> <p>2100, rue Drummond Suite 200 Montréal</p>	M. Lucien Mouton Directeur Services Financiers (514) 873-2452	
	M. Richard Blouin Economiste (514) 873-2452	

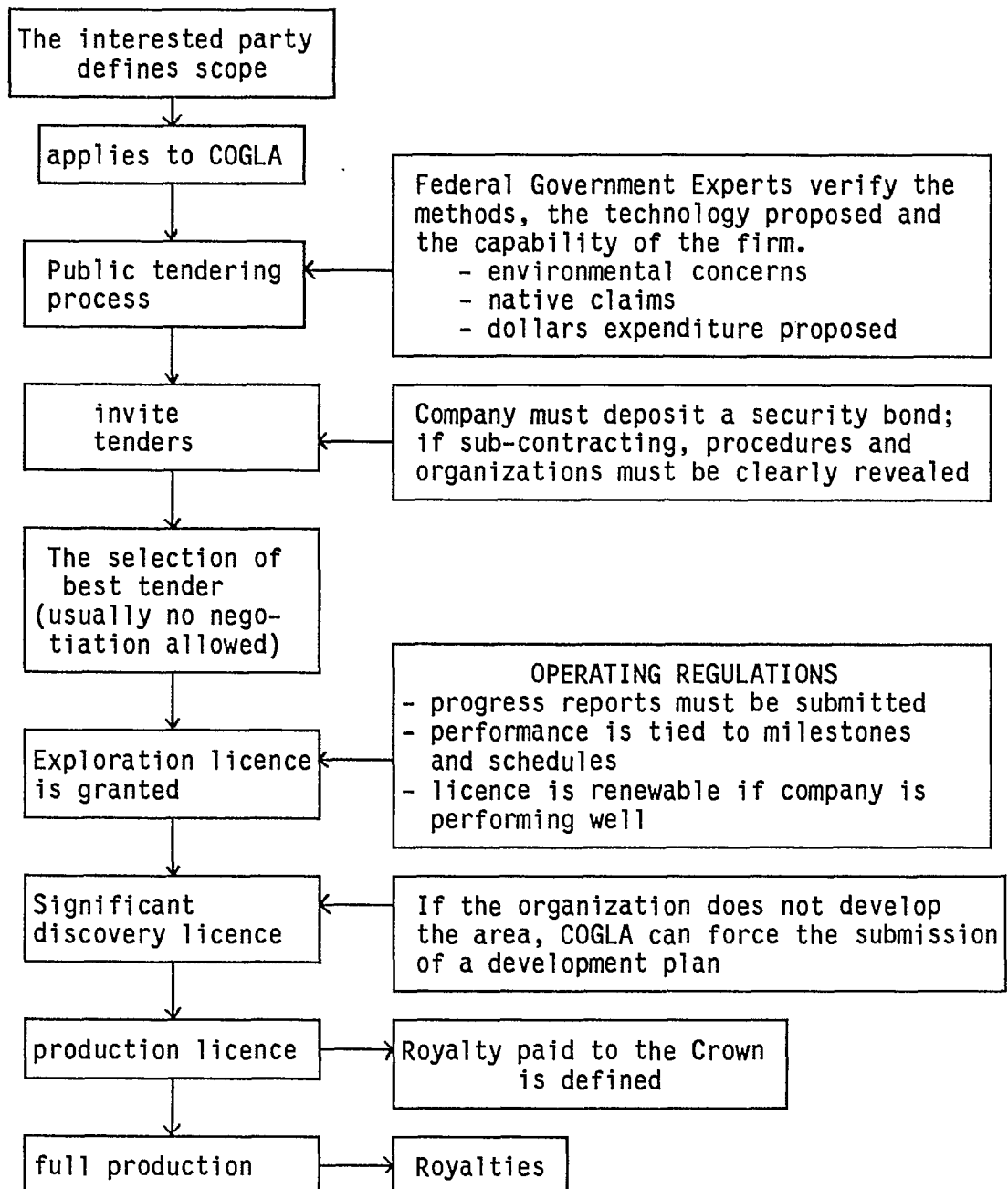
NOTE: Personne interviewée (*)

8.2 NOTES FROM INTERVIEWS

CANADA OIL AND GAS LANDS ADMINISTRATION (COGLA)
Energy Mines and Resources
Indian and Northern Affairs
355, River Road
Ottawa, Ontario
K1A 0E4

Representative: Mr. Jim A. S. Barrett
Chief, Rights Administration Land Management

Telephone : (613) 993-3760



8.2 NOTES FROM INTERVIEWS (cont'd)

CANADA OIL AND GAS LANDS ADMINISTRATION (COGLA) (cont'd)

1. COGLA is presently undertaking a review of its mandate and operating environment in view of the recent changes brought out by the new ACT.
2. Incentives were once used to induce exploration (cash grants; tax credits) however, this practice is being phased out.
3. Exploration on land implies a dual claim at times. For example, Indian rights are administered by INA.
4. The Division records all licences issued and active on small-scale maps of Canada. Interesting procedure to explore for Spectrum?
5. Tendering is applied to a huge territory. In many cases, after preliminary exploration, several areas are returned to COGLA, and the applicant retains licence for a core only.
6. Mr. Barrett has promised to issue a full example of a typical application. FOLLOW WITH A TELEPHONE CALL BY 10 MARCH 1987.

8.2 NOTES FROM INTERVIEWS (cont'd)

INDIAN AND NORTHERN AFFAIRS CANADA (INA)
Les Terrasses de la Chaudière
8th floor
10, Wellington St.
Hull, Quebec

Mailing address: Les Terrasses de la Chaudière
Ottawa Ontario
K1A 0H4

Representative: Mr. John M. Hodgkinson
Assistant Director Mining Administration,
Mining Management and Infrastructure

Telephone : (819) 997-0911

1. The first discussion focused on the research done by the Calgary Institute of Resources Law.
2. A quick review of processes from province to province basically covered the work of the above study.
3. There is a distinct difference between a miner's right to ownership vs the ownership of surface rights. In essence, a person's residence is protected, as are various institutions, such as churches, cemeteries, national defence lands, parks, etc.
4. The process of paying for exploration licences and development licences varies somewhat. In some instances, payment is required up front, whereas in other provinces, such as Manitoba, the applicant must guarantee payment.
5. The Federal Group that Mr. Hodgkinson represents, is involved in drafting legislation, and undertaking economic studies. A recent study involves the justification for closing down a mine and its associated village.
6. In the Yukon, the authority is dispersed through mining "Recorder's Offices".
7. It is interesting to note the authority of INA to withdraw rights (example parks, reserves, etc.) a similar application could be seen in the DOC restriction of certain frequencies for Federal Government use.

8.2 NOTES FROM INTERVIEWS (cont'd)

THE NATIONAL ENERGY BOARD
Room 1060,
473, Albert Street
Ottawa, Ontario
K1A 0E5

Representative: Mrs. Anne Sicotte
Chief, Information Services Division

Telephone : (613) 990-3166

1. Mrs. Sicotte was identified as the key person to speak to, by Mr. A. Laframboise (Chief, Property and Material Management/993-5067). The NEB grants licences and orders for the Exporting and Importing of oil, gas and electricity. There is no restriction on either the price or volume for imports and exports on applications covering periods less than 2 years. Likewise, there is no need for a public hearing.
2. Any request that exceeds 2 years requires a licence. This entails a public hearing.
3. In terms of oil exportation, an order is required for activities up to 1 year. In the case of heavy oil, this is granted for 2 years. There is no restriction on volume or price for export. Anything exceeding these times requires a licence, and a public hearing.
4. Regulations describing the way NEB operates are found in the practice and procedures bulletins.
5. For importing, the NEB has no regulation, however Customs would have to be consulted.
6. Electricity is regulated as per the following:
 - An order is issued for exports to 3 years
 - A licence is required from 3 to 25 years for exporting
 - For importing, there is no requirement
7. The NEB regulates the following:
 - INTERNATIONAL POWER LINES (either certificates or public hearings are required)
 - PIPELINES: BOTH INTERPROVINCIAL AND WITHIN THE PROVINCE IF OF CONSIDERABLE SIZE. (certificates and hearings if the length exceeds a certain requirement)

8.2 NOTES FROM INTERVIEWS (cont'd)

THE NATIONAL ENERGY BOARD (Cont'd)

7. The NEB regulates the following: (cont'd)

- TOLLS AND TARIFS ON PIPELINES

These are under the jurisdiction of the NEB.
Applications must be made yearly for large quantities.
For small amounts, a yearly report is all that is required.

8. The provinces are only involved if pipelines are required, or if the export is for more than 2 years.

9. The NEB makes its decisions, and documents them in a "Report of Hearing". There is an appeal process possible.

10. ENERGY RESOURCES CONSERVATION BOARDS

Yearly involved in the removal of the resources. (for example Régie de Gaz et Electricité or the Ontario Utility board).

11. The NEB is actively involved when applications are made in major projects that will require pipelines. For example, the Beaufort project of 1985 from Polar Gas demanded a detailed brief prior to the start of the project.

12. The NEB charges no fees for its services.

13. Route selection is generally approved by the board in principle. All affected land owners must be informed by the company undertaking the project. Conflicts must be resolved by these 2 parties and any others concerned.

14. The NEB is involved in monitoring and controlling the operation of pipelines. They regulate standards; request status reports; and can revoke any licences.

15. Applications are first examined by a staff "Working Group" that reviews the document in general. From then on, a project manager is assigned to the case, and he coordinates inputs that are presented to the panel reviewing the case. This panel, made of Board members, administers the hearings. The Board is supported by lawyers and other regulatory groups and a library service.

16. In June of 1987, a new procedure should be issued concerning electricity.

17. In pricing of gas exporting, the Federal Government does not intervene.

8.2 NOTES FROM INTERVIEWS (cont'd)

MINISTÈRE ENERGIE ET RESSOURCES - SECTEUR TERRES
Région 06 - Montréal
1255, Carré Phillips, Suite 505
Montréal, Québec

Contact: M. Guy Lecourt
Resp. du service régional des terres

Téléphone: (514) 873-3864

1. La discussion a porté sur la façon dont sont administrées les terres du Québec, sur la façon dont le gouvernement en disposent et sur leur allocation aux individus.
2. La gestion des terres au Québec est régie par la loi sur les Terres et Forêts, L.R.Q., Chapitre T-9.
3. Les terres publiques peuvent être louées ou achetées moyennant l'autorisation du gouvernement et sous certaines réserves dictées par la loi tel la réserve des trois chaînes.
4. La réserve des trois chaînes est une mesure d'arpentage qui délimite une certaine partie des terres publiques en bordure des rivières et des lacs qui reste du domaine public.
5. Cette bande de terrain peut cependant réduire la profondeur de la réserve, la vendre ou y renoncer dans certains cas tels des îles ou terrains de peu d'étendue ou si le ministre le considère dans l'intérêt public.
6. Le ministre peut, à certaines occasions, ex: cas de fraude, révoquer les ventes, concessions, location, bail ou permis et il reprend alors les terres.
7. Certaines terres publiques sont aussi régies par la loi sur les mines, L.R.Q., Chapitre M-13.
8. Des terres publiques sont aussi réservées et affectées à diverses tribus indiennes par le gouvernement.
9. Un décret régit la concession des terres publiques ainsi que les droits s'y rattachant et les tarifs (rentes) qui doivent être payés.
10. Il y a 9 titres ou modes de concessions de terres publiques (voir doc. annexe 1).

8.2 NOTES FROM INTERVIEWS (cont'd)

MIN. AGRICULTURE, PÊCHERIE ET ALIMENTATION (M.A.P.A.)

Direction service aux usagers

1995, ouest boul. Charest

Suite 203

Québec, Québec

G1N 4H3

Contact: M. Jean-Guy Demers
Chef du bureau régional

Téléphone: (418) 643-2673

1. L'octroi de permis pour la pêche commerciale relève du gouvernement fédéral, Min. Pêches et Océans Canada pour la pêche en haute-mer et du gouvernement provincial, mins. agriculture, Pêcheries et Alimentation pour les poissons eaux douces incluant les anadromes et les catadromes.
2. La pêche commerciale est régie par la loi sur l'allocation de la faune: loi 61; la loi sur les pêcheries fédérales F.14; et les règlements de pêche au Québec CRC- 1978. C-852. La loi F.14 et les règlements sont émis par le fédéral mais appliqués par la province.
3. Ce sont les individus qui détiennent les permis et non les compagnies.
4. Le permis est annuel et les taux des permis varient selon la catégorie
Ex: aquaculture approx. \$50.; filets 10¢ la brasse (1 brasse = 6 pieds). Les taux sont fixés dans la loi Chap. R.14.
5. Les demandes pour les nouveaux permis sont étudiées par un comité qui analyse chaque demande.
6. A date il y a approximativement 236 détenteurs pour un total de 641 permis. Un individu peut détenir plus d'un permis, selon les espèces qu'il pêche.
7. L'émission d'un permis est faite selon certains critères de base et en fonction de l'offre et de la demande tout en se référant aux règlements d'opération actuellement en refonte et non disponibles.
8. Loisir, Chasse et Pêche fait annuellement un "plan de pêche" et Min. Agriculture, Pêche et Alimentation, direction service aux usagers émet les permis.

8.2 NOTES FROM INTERVIEWS (cont'd)

MIN. ENERGIE ET RESSOURCES / SECTEUR FORÊTS
Région 06 - Montréal
1255, Carré Phillips, Suite 505
Montréal, Québec

Contact: M. Jacques Lafrenière, ing.
Adjoint aux opérations régionales (région 06)

Téléphone: (514) 873-2140 - Québec (418) 643-5134

1. Nouveau régime forestier sera en vigueur le 1er avril 1987 loi 150 - sanctionnée en décembre 1986 touchera surtout les forêts publiques.
2. 2 types de réglementation a) forêts publiques
b) forêts privées

et les procédures varient selon forêts publiques ou forêts privées (voir texte de loi).
3. L'ancienne loi ne satisfaisait par l'objectif de gestion dynamique du patrimoine québécois. La nouvelle loi a donc comme objectif pour les points publiques l'utilisation et l'aménagement des territoires forestiers en respectant le principe du rendement soutenu c'est-à-dire "la production pour une forêt donnée, de la même quantité de bois à perpétuité" (doc. sur le nouveau régime forestier en annexe).
4. Il est trop tôt pour pouvoir mesurer les effets de la nouvelle loi et d'évaluer la facilité d'application et de sa gestion. L'octroi des contrats d'approvisionnement aux entreprises concernées s'échelonne sur 3 ans soit d'avril 87 à la fin mars 1990. 34 concessionnaires forestiers se verront octroyés de nouveaux contrats qui tiendront compte de l'inventaire forestier de l'ensemble de la province et des besoins des entreprises.

MINISTÈRE DE L'ENVIRONNEMENT
Direction régionale de Montréal
5199, rue Sherbrooke est
Montréal, Québec

Contact: M. René Côté Téléphone: (514) 873-3636
Adjoint administratif

1. Selon M. Côté, la loi sur la qualité de l'environnement, L.R.Q., Chapitre Q-2, est l'outil principal pour tout individu ou entreprise dont les activités touchent l'environnement.
2. Toute autorisation requise pour exercer une quelconque activité est fournie par le gouvernement et selon la procédure décrite dans la loi.

8.2 NOTES FROM INTERVIEWS (cont'd)

LOISIR, CHASSE ET PÊCHE
150, St-Cyrille est, 4e étage
Québec, Québec
G1R 4Y2

Contact: M. Daniel MacDuff
Chef du service des permis

Téléphone: (514) 644-8374

1. En ce qui concerne le domaine de la chasse et de la pêche au Québec, il y a 2 secteurs indépendants l'un de l'autre soit:
 - a) la chasse et la pêche récréative (individus seulement)
 - b) La pêche pour la consommation humaine (commerce) qui relève du Ministère de l'Agriculture, Pêche, Alimentation (M.A.P.A.).
2. Pour ce qui est du secteur récréatif, les procédures varient selon qu'il s'agisse de la chasse ou de l'accès à des chalets dans les parcs et réserves du Québec pour fins de villégiature ou de chasse contrôlée.
3. Un permis de chasse est obligatoire au Québec, il y a 7 catégories de permis (selon l'espèce chassée) et 25 zones de chasse et pêche au Québec. Aucun permis requis pour pêche sauf si un individu pêche dans un endroit déterminé par règlement pour protection de l'espèce.
4. Pour l'accès dans les parcs et réserves, la procédure consiste à des "tirages au sort" à partir des inscriptions des individus.
5. Le gouvernement québécois, direction de la faune terrestre et aquatique, s'occupe de la gestion des espèces.
6. Un permis de chasse coûte \$5.00 et dure 5 ans. Un cours sur le maniement des armes doit être suivi pour obtenir un permis sur présentation du certificat de réussite du cours. Âge requis pour suivre le cours sur maniement des armes pour obtention d'un permis de chasse: 12 ans. Pas d'âge requis pour permis de pêche. Coût du permis de pêche: \$6.75 valide du 1 avril au 31 mars de l'année suivante.
7. Environ 2000 commerçants et boutiques spécialisées émettent ces permis.

8.2 NOTES FROM INTERVIEWS (cont'd)

MINISTÈRE ENERGIE ET RESSOURCES - SECTEUR MINES
2100, rue Drummond - suite 240
Montréal, Québec

Contact: M. Richard Boyer
Technicien

Telephone: (514) 873-8814

1. La loi sur les mines - L.R.Q. chapitre M-13 décrit les procédures à suivre pour toutes les phases nécessaires à un individu ou une entreprise désireux d'exercer une activité minière au Québec, de la prospection de terrain à l'exploitation de ressources minières.
2. Les autorisations requises, les durées, les tarifs y sont décrits et doivent être suivis.

HYDRO-QUÉBEC
800, Boul. de Maisonneuve est - 16e étage
Montréal, Québec

Contact: M. Pierre F. Mercure
Conseiller en autorisations gouvernementales

Téléphone: (514) 289-5386

1. La discussion a surtout porté sur le processus d'obtention de permis pour l'exploitation, distribution de l'électricité.
2. L'Hydro est régie par la loi sur l'Hydro-Québec LRW c.H-5 et par la loi sur la qualité de l'environnement du Québec, LRQ chapitre Q-2 et surtout par les articles 22 et 31.

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DÉCRET GOUVERNEMENT DU QUÉBEC

(No. 22-86 F85-240 concernant l'adoption du règlement sur le producteur forestier)

ANNEXE 1 - CONCESSION DES TERRES PUBLIQUES ET DES DROITS S'Y RATTACHANT -
TARIFS RÉVISÉS 1987-04-01 AU 1988-03-31

PROCÉDURE D'OBTENTION DES AUTORISATIONS POUR

- CENTRALES DE PLUS DE 10 MW
- LIGNES ET POSTES DE PLUS DE 315 kV
(document Hydro-Québec)

LOI SUR LA CONSERVATION ET LA MISE EN VALEUR DE LA FAUNE

Éditeur officiel du Québec
(L.R.Q., Chapitre C-61.1, à jour au 1^{er} avril 1986)

LOI SUR LA RÉGIE DE L'ÉLECTRICITÉ ET DU GAZ

Éditeur officiel du Québec
(L.R.Q., Chapitre R-6, à jour au 1^{er} février 1986)

LOCATION DE TERRAINS DE VILLÉGIATURE RÉSIDENIELLE SUR LES TERRES PUBLIQUES
DU QUÉBEC

LISTE DES CONCESSIONNAIRES FORESTIERS - MAI 1986 (ISBN-2-550-16214-5)

Gouvernement du Québec
(Ministère de l'Énergie et des Ressources - Direction générale du
domaine territorial - Service de la concession des terres)

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LOI SUR LA QUALITÉ DE L'ENVIRONNEMENT
Éditeur officiel du Québec
(L.R.Q., Chapitre Q2, à jour au 17 juillet 1986)

LOI SUR LES MINES
(Éditeur officiel du Québec
(L.R.Q., Chapitre M-13, à jour au 9 juillet 1986)

LOI SUR LES FORÊTS (PROJET DE LOI 150)
Éditeur officiel du Québec
(Assemblée nationale, chapitre 108, sanctionné 19 décembre 1986)

LOI SUR LES TERRES ET FORÊTS
Éditeur officiel du Québec
(L.R.Q., Chapitre T-9, à jour au 1^{er} mai 1984)

LOI SUR HYDRO-QUÉBEC
(L.R.Q., C.H-5, section I-II-V)

DÉCRET GOUVERNEMENT DU QUÉBEC
(No. 22-86 concernant l'adoption du règlement sur le producteur
forestier)

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Société des établissements de plein air du Québec

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CHASSE CONTINGENTÉE DES CERFS SANS VOIS - SAISON 1986

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LA VILLÉGIATURE SUR LES TERRES PUBLIQUES

Énergie et Ressources Québec

LOCATION DE TERRAINS DE VILLÉGIATURE RÉSIDENTIÈLLE SUR LES TERRES PUBLIQUES
DU QUÉBEC

Énergie et Ressources Québec

Liste des concessionnaires forestiers - Mai 1986

Ministère de l'énergie et des Ressources, Service de la concession
des terres

PÊCHE, CHASSE ET PIÉGEAGE - DU 1^{er} AVRIL 1986 AU 31 MARS 1988

Loisir, Chasse et Pêche Québec

(SP-121-03-86)

PÉTROLE ET GAZ ACTIVITÉS 1981

Affaires indiennes et du Nord Canada

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109)

SECT. PAR. DESCRIPTION

- | | | |
|----|---|---|
| 2 | 3 | <p><u>Acceptance of Tenders</u></p> <p>The Minister is not obliged to accept the highest tender.</p> |
| 2 | 5 | <p><u>Grant of Licence to Next Highest Tenderer</u></p> <p>Where the highest tenderer fails to furnish the proof mentioned in subsection (4) within thirty days of the sending to him by the Minister of notice to furnish such proof, the Minister may, subject to the furnishing of the proof mentioned in subsection 4, grant to the next highest tenderer a licence having the same terms, conditions and prices as those tendered by the highest tenderer.</p> |
| 2 | 4 | <p><u>Proof of Ability to Use Timber</u></p> <p>The Minister shall not grant a licence under subsection (2) until the highest tenderer has furnished proof that he owns and is operating a mill or that he has a contract to supply wood to a mill.</p> |
| 2 | 7 | <p><u>Licence Where Licensed Area Not More Than 160 Acres</u></p> <p>Notwithstanding subsection (1), the Minister may grant a licence to cut Crown timber at such prices and subject to such terms and conditions as he considers proper, if the licensed area does not exceed 160 acres.</p> |
| 18 | 1 | <p><u>Assignment, etc., of Licences</u></p> <p>A licence shall not be assigned, pledged or charged without the content in writing of the Minister and permission to cut timber on a licensed area shall not be granted by a licensee without the content in writing of the Minister, and he is not under any circumstances bound to give such consent and he may impose such terms and conditions as he considers proper.</p> |
| 6 | 1 | <p><u>Authority to Enter Into a Forest Management Agreement</u></p> <p>Subject to the approval of the Lieutenant Governor in Council, the Minister may enter into an agreement with any person for the management of Crown timber on a sustained yield basis and for carrying out all operations necessary for such management and, without restricting the generality of the foregoing, every such agreement shall set out,</p> <p>(a) the silvicultural specifications that are to be observed and performed in respect of the harvesting, regeneration and tending of the forest areas that are subject to the agreement; and</p> <p>(b) the standards of regeneration to be achieved on the forest areas that are subject to the agreement,</p> <p>and may provide for,</p> <p>(c) the cutting of Crown timber and the prices therefor;</p> |

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

6 1 Authority to Enter Into a Forest Management Agreement (cont'd)

- (d) the cutting of killed or damaged Crown timber and any other Crown timber that in the Minister's opinion should in the interest of economic forest utilization be cut with such killed or damaged Crown timber subject to such prices, if any, and to such terms and conditions as the Minister and such person may agree upon;
- (e) the construction, reconstruction and maintenance of any road necessary for such management and operations;
- (f) a reduction of the stumpage charges to be paid by such person for any increase in the volume of Crown timber that is cut and is the direct result of any silvicultural treatment applied at the expense of such person;
- (g) the preparation of plans, rules, reports and any other documents necessary for such management and operations; and
- (h) such other terms and conditions as the Minister and such person may agree upon that are not inconsistent with the regulations, and, except in the case of a provision made under clause (d) or (f), any such agreement shall be subject to the terms and conditions prescribed in the regulations.

26 1 Management Plans

Every licensee shall, when required by the Minister, furnish within such period as is fixed by the Minister a management plan,

- (a) consisting of a report, inventory, maps and an operating plan prepared in conformity with the manual of management plan requirements authorized by the Minister; and
- (b) prepared under the supervision of a professional forester and certified by him in the following form;

I hereby certify that this plan has been prepared under my personal supervision and that all field work and calculations have been carried out to the best of my skill and judgement in accordance with the manual of management plan requirements.

26 2 When Operating Plan To Be Furnished

Every licensee who is not required to submit a management plan under subsection (1) shall, when required by the Minister and within such period as is fixed by the Minister, furnish an operating plan showing the proposed operations and a statement of the purpose for which the timber is to be used.

26 3 Approval of Plans

The Minister may approve a management plan or operating plan as submitted to him or may approve it with such alterations therein as he considers advisable.

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

26 4 Management of the Area According to Plan

A licensee shall conduct all operations on his licensed area in accordance with the approved management plan or operating plan, as the case may be.

26 5 Plans Not Submitted on Time

Where a licensee fails to furnish a management plan or an operating plan, as the case may be, within the period fixed by the Minister, the Minister may cause the plan to be prepared, and the cost thereof shall be a claim of the Crown in connection with the licensed area. R.S.Q. 1980, c. 109, s. 26.

20 Additional Powers

Notwithstanding any license, the Minister may,

(a) subject to this Act, dispose of any Crown timber not expressly mentioned in the license; and

(b) after thirty days written notice to the licensee specifying the action proposed to be taken and giving him an opportunity to be heard, sell, lease, grant or otherwise dispose of any public lands included in a licensed area for any purpose for which public lands may be disposed of under the Public Lands Act, and upon such sale, lease or grant being made all rights of the licensee in respect of the timber on such lands cease. R.S.Q. 1980, c. 109, s. 20.

47 1 Licence Required

No person shall construct, reconstruct or operate a mill, or increase the productive capacity of a mill, or convert an existing mill into a mill of any other type, without a licence from the Minister.

47 2 Condition Precedent to Grant of Licence

A licence under subsection (1) shall not be granted unless the applicant has, in the opinion of the Minister, a sufficient supply of logs or wood-bolts.

47 3 Effect of Licence

The granting of a licence under subsection (1) does not imply any obligation on the part of the Minister to make Crown timber available for the mill. R.S.Q. 1980, c. 109, s. 47.

3 3 Terms and Conditions

Where a licence to cut Crown timber is granted under subsection 2(2) or under subsection (1) or is renewed under subsection 2(6) or under subsection (2), the Minister may,

(a) determine from time to time the prices at which species of timber may be cut where the prices for such species are not specifically set out in the licence; and

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

- | | | |
|----|---|--|
| 3 | 3 | <p><u>Terms and Conditions</u> (cont'd)</p> <p>(b) grant to a licensee, from time to time during the term of the licence, rights to cut on the licensed area additional species not set out in the licence at such prices and upon such terms and conditions as he considers proper. R.S.Q. 1980, c. 109, s. 3.</p> |
| 15 | 1 | <p><u>Timber to Be Manufactured in Canada (Canadian Content)</u></p> <p>Every licence is subject to the condition that all timber cut thereunder, except timber that is used in Canada in an unmanufactured state for fuel, building or other purposes, shall, except as provided in subsection (3), be manufactured in Canada into ties, poles, pit props, lumber, veneer or such like products or into pulp.</p> |
| 7 | 2 | <p><u>Area Charge</u></p> <p>Every licensee shall pay annually an area charge in respect of the productive lands comprised in the licensed area. R.S.Q. 1980, c. 109, s. 7.</p> |
| 11 | 2 | <p><u>Crown Charges To Be Paid</u></p> <p>Crown charges in respect of all timber of the species set out in the licence cut on a licensed area during the term of the licence shall be paid by the licensee whether the timber is cut by the licensee or by any other person with or without his consent. R.S.Q. 1980, c. 109, s. 11.</p> |
| 53 | | <p><u>Regulations</u></p> <p>The Lieutenant Governor in Council may make regulations,</p> <p>(a) prescribing the terms and conditions that shall apply to licenses, other than those granted under subsection 2(7) or section 5;</p> <p>(b) prescribing terms and conditions, in addition to those prescribed under clause (a), that shall apply to licences to cut Crown timber in a provincial park;</p> <p>(c) fixing the amount of area charge and other charges to be paid in respect of licensed areas;</p> <p>(d) fixing or determining the Crown dues to be paid by a licensee or class of licensee in respect of anykind or class of timber, other than killed or damaged timber, cut under licence and, without limiting the generality of the foregoing, such regulations may provide for,</p> <p style="padding-left: 40px;">(i) the fixing or determining of Crown dues by a formula employing any index number existing before or coming into existence after the regulations come into force, of any price index, or any average of any such index numbers,</p> <p style="padding-left: 40px;">(ii) a method of categorizing any licensee or class of licensee in respect of the application of any such formula,</p> |

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

53 Regulations (cont'd)

- (iii) any forfeiture or suspension considered necessary to administer effectively any such method,
- (iv) the filing of any certificate, affidavit and other material considered necessary for the purposes of any such method,
- (v) determining when a licensee shall be deemed to have failed or neglected to file any such certificate, affidavit or other material, and
- (vi) informing licensees of Crown dues determined by any formula;
- (e) fixing the times at which Crown charges are payable and the rate and kind of interest to be charged on overdue accounts and prescribing the method of calculating or compounding any such interest;
- (f) fixing the fees to be paid on the transfer of a licence;
- (g) prescribing the manner in which a seizure of timber may be effected under section 22;
- (h) fixing the minimum size of any species of trees that may be cut under licence;
- (i) defining wasteful practices in forest operations and prescribing the penalties that may be imposed for contravention of any such regulation;
- (j) classifying mills and providing for the issue of licenses therefor;
- (k) prescribing the form of mill licences and the fees to be paid therefor;
- (l) prescribing the term of mill licences and providing for the transfer, renewal, suspension and cancellation thereof;
- (m) imposing conditions as to the location of mills, the mechanical efficiency thereof and operating methods of mill licensees, including the disposal of waste or refuse;
- (n) providing for the periodical inspection of mills;
- (o) prescribing the returns that mill licensees shall make to the Minister as to their mills and operations, including the sources, species, quantities and disposition of materials processed;
- (p) prescribing the form of scalers' licences, special permits and renewals and the fees payable in respect thereof;
- (q) prescribing penalties for the contravention of any provision of this Act or the regulations where no penalty has been fixed by this Act;

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
 (R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

53 Regulations (cont'd)

(r) governing the cutting of timber before the issue of a patent by a purchaser or locatee of lands for agricultural purposes under the Public Lands Act and prescribing the extent to which and the conditions under which such cutting may be carried on;

(s) respecting any matter necessary or advisable to carry out effectively the intent and purpose of this Act. R.S.Q. 1980, c. 109, s. 53.

54 Regulations May Be Limited

Any regulation may be limited territorially or as to time or otherwise. R.S.Q. 1980, c. 109, s. 54.

27 1 Information To Be Furnished Annually

Every licensee shall furnish to the Minister,

(a) least thirty days before cutting operations commence in each year, an annual plan for the cutting operations to be conducted by him during the twelve-month period commencing on the 1st day of April in that year; and

(b) no later than the 31st day of October in each year a map showing the boundaries and the acreages of the areas cut over and the parts thereof that were not cut during the twelve-month period ending on the 31st day of March of that year together with a statement of the acreages of the areas cut over, the parts thereof that were not cut and the amount, species and size of timber cut from each cutting area during such period.

2 6 Renewal of Licence

Where a licence has been granted under subsection (2) and the cutting of the timber authorized by the licence was not completed before the licence expired, the Minister may renew the licence for one term not exceeding three years, subject to such terms and conditions as are prescribed by the regulations and subject to such other terms and conditions as he considers proper and that are not inconsistent with the regulations.

2 8 Failure to Operate

Where for any reason the holder of a licence issued under subsection (2) or (6) does not operate a mill or does not supply wood from the licensed area to a mill during a period of twelve months ending on the 31st day of March in any year, the Minister may cancel the licence as of that day. R.S.Q. 1980, c. 109, s. 2.

5 3 Failure or Neglect of Licensee

Where a licensee refuses or neglects to comply with a direction of the Minister under subsection (2) within such time as is fixed by the Minister, the Minister may cancel or vary the licence of the timber directed to be cut and may grant licences to persons other than the licensee to permit the salvage of such

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
(R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

- 5 3 Failure or Neglect of Licensee (cont'd)
 timber and the cutting of any other Crown timber that in his opinion should in the interest of economic forest utilization be cut with such killed or damaged timber at such prices and subject to such terms and conditions as he considers proper. R.S.Q. 1980, c. 109, s. 5.
- 15 3 Power to Suspend Operation of Subs. (1)
 The Lieutenant Governor in Council, after giving thirty days notice of his intention so to do by publication in The Ontario Gazette, may suspend the operation of subsection (1) as to any kind or class of timber that he designates and as to any area that he defines and for such period and upon such other terms and conditions as he considers proper. R.S.Q. 1980, c. 109, s. 15.
- 31 Non-Compliance With ss. 26-30
 Where a licensee contravenes any provision of sections 26 to 30 or any order of the Minister made thereunder, the Minister may suspend the operation of the licence in whole or in part for a period not exceeding six months. R.S.Q. 1980, c. 109, s. 31.
- 32 Idem (Non-Compliance With ss. 26-30)
 Where a licensee contravenes any provision of sections 26 to 30 or any order of the Minister made thereunder, the Lieutenant Governor in Council may,
 (a) suspend the operation of the licence in whole or in part for such period as he determines; or
 (b) cancel the licence in whole or in part. R.S.Q. 1980, c. 109, s. 32.
- 46 Suspension and Cancellation of Scalers' Licences and Permits
 The Minister may suspend or cancel the licence or special permit of any scaler who undermeasures or mismeasures or improperly culls any Crown timber, or makes a false return, or fails to make a return when required. R.S.Q. 1980, c. 109, s. 46.
- 48 1 Penalties
 Every person who,
 (a) commences cutting operations without the approval of the Minister under section 14, or carries on cutting operations beyond the limits of the area approved by the Minister under section 14, is liable to a penalty of an amount not less than the amount of the stumpage charges on the timber so cut and not more than five times the amount of such charges;
 (b) contravenes subsection 15(1) or any order or direction made under section 28 or any regulation made under clause 53(h) is liable to a penalty of an amount not less than the amount of the stumpage charges on the timber in

8.5 GOVERNMENT OF ONTARIO TIMBER ACT
 (R.S.O., CHAPTER 109) (Cont'd)

SECT. PAR. DESCRIPTION

48 1 Penalties (cont'd)

respect of which such contravention occurred and not more than five times the amount of such charges;

- (c) except under a licence, cuts or employs or induces or assists any other person to cut Crown timber or removes or employs or induces or assists any other person to remove Crown timber is liable to a penalty of an amount not less than the amount of the stumpage charges on the timber in respect of which such contravention occurred and not more than five times the amount of such charges;
- (d) contravenes section 43 is liable to a penalty of an amount not less than twice the amount of the stumpage charges on the timber in respect of which such contravention occurred and not more than five times the amount of such charges;
- (e) contravenes section 19 is liable to a penalty of not less than \$50 and not more than \$5,000;
- (f) when in possession or control of any timber or any product manufactured therefrom, upon request refuses or fails to inform any officer or agent of the name and addresses of the person from whom the timber or product was received or of any fact within his knowledge respecting the timber, is liable to a penalty of not less than \$10 and not more than \$500;
- (g) interferes with any officer or agent who seizes timber under this Act, is liable to a penalty of not less than \$100 and not more than \$500;
- (h) removes or attempts to remove or interferes or attempts to interfere with any timber or any product manufactured therefrom after it has been seized under this Act, is liable to a penalty of not less than \$100 and not more than \$500;
- (i) makes or avails himself of any false statement or oath with respect to any matter under this Act or the regulations, is liable to a penalty of not less than \$100 and not more than \$500;
- (j) contravenes section 47 or any regulation made under clause 53(m) or (o), is liable to a penalty of not less than \$25 and not more than \$1,000 for the first contravention and to a penalty of not less than \$50 and not more than \$5,000 for each subsequent contravention;
- (k) fails to comply with a written notice issued under section 17 is liable to a penalty of not less than \$25 and not more than \$1,000 for the first failure to comply and not less than \$50 and not more than \$5,000 for each subsequent failure to comply.

**TABLES SUMMARIZING MINING RIGHTS LEGISLATION
IN THE PROVINCES AND TERRITORIES**

Mining rights (dispositions) are the legal vehicles through which the owners of the minerals, the Provinces and Canada, grant to the public exclusive rights to search for, develop and mine those minerals.

Figures 1 to 5 are tables of data that summarize selected elements of mining right legislation in the ten provinces and two territories. Elements selected are those that deal with obtaining and maintaining a mining right.

Figures 1, 2 and 3 contain the raw data as specified in each provincial and territorial piece of legislation. The data is organized under the three stages of progression of a mineral showing to a producing mine, i.e. exploration, development and production, with some overlap. These three stages are correlated with the advancing levels of mining rights, as follows:

STAGE	MINING RIGHT
1. exploration and development	claim
2. development and pre-production	early lease (licence in eastern provinces) — production not a condition of the lease
3. production	late lease (lease in eastern provinces) — production generally a condition of the lease

Because of varying claim sizes and use of both Imperial and metric measure, Figures 1 to 3 have limitations in their usefulness for comparisons between jurisdictions, especially with respect to required work and fees. Thus, Figures 4 and 5 have been constructed to provide for direct comparison of these two elements. Part A of Figure 4 repeats the raw data for required work while Part B shows the same data mathematically averaged, based on a 40 acre (16 ha) claim. In Figure 5, the fees for recording and renewing claims are also converted to a 40 acre (16 ha) claim size and licence and lease rentals are expressed as \$ per ha per year.

The reader is advised that, because of the on-going process of amendment to legislation, some data may be obsolete by the time of publication of these tables. The reader is also cautioned that these tables are not a substitute for actual legislation nor should they be used as such.

In order to accomplish completeness of data in a convenient size, it is necessary to make considerable use of the following abbreviations and symbols:

ft	feet	L	length
m	metres	W	width
ac	acres	λ	not greater than
ha	hectares	max	maximum
t	tonnes	min	minimum
mos	months	ug	underground
yr(s)	year(s)		

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ac	acres	≥	not greater than
ha	hectares	max	maximum
t	tonnes	min	minimum
mos	months	ug	underground
yr(s)	year(s)		

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 1. Exploration and development

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	
Enacted (last amend)	1952 (1984)	1977 (1979)	1977 (1982)	1984	1961	
Ground/map staking	ground	ground	ground	map	ground	
Name	mineral claim	claim	(a) mineral claim of 1 to 20 units (b) 2-post claim (by indiv. only)	metallic minerals exploration permit	mineral claim	
Basic claim	How staked	2 posts, line between marked, max 8 claims/yr within 10 mi. rad.	4 corner posts and at 1500 ft on ext bndry, bndry marked before recording	(a) legal corner post and at 500 m on ext bndry, bndry marked (b) 2 posts, line between marked	application (map selection)	(a) surv. area: legal subdivision (b) unsurv. area: 4 corner posts, bndry marked
Block	Size	L \times 1500 ft W \times 1500 ft 51.65 ac (20.9 ha)	\times 2582.5 ac (= 50 at 1500 ft), sides are mult. of 1500 ft. L \times 5W	(a) unit: 500 m (25 ha) (b) 2-post claim: 457.2 m (1500 ft) 20.9 ha (51.65 ac)	16 to 9216 ha.	(a) 40 ac (b) \times 40 ac side \times 1980 ft
Bearing of boundaries	any	astronomic	(a) astronomic (b) any	astronomic	astronomic	
Time marked on no. 1 post	date only	placing of post and compl'n of claim	(a) commencement and completion (b) date only	N/A	claim: commenc't block: completion	
Max. time to affix tags	as soon as reas.poss. after recording	when staking (write on tags)	when staking (write on tags)	N/A	1 yr from recording	
Max. days to record	15 + extra dep. on distance	60	30	N/A	(a) - (b) 30	
Recording fee (\$)	10/claim	0.10/ac	5/unit	25/permit	5/claim 0.15/ac for block	
Term length x number	1 yr x unlim.	2 yrs plus 1 yr x 8	1 yr x unlim.	3 yrs, plus 2 yrs plus 2 x 1 yr	1 yr x 10	
Renewal fee (\$) * Filing work	*5/claim	*0.10/ac	*5/100 work	1st - 100, 2nd - 200 3rd - 250	0	
Annual work \$/claim unless otherwise specif.	100	yrs (1 + 2) \$4/ac 3 + \$2/ac	yrs 1-3 100/unit 4 + 200/unit	First term \$10/ha Second term \$20/ha third and fourth term \$15/ha	claim: yrs 2-10 100 block: yrs 2-10 \$2.50/ac	
Cash for work — Refund if work done	yes - no	yes - yes	yes - no	Deposit Refund - yes	yes - no	
Limit for grouping work	16 claims/yr	5165 ac/yr (= 100 at 1500 ft)	100 claims/yr	1 claim per term	36 contiguous claims/yr	
Limit for excess work credit	\$400/ct/yr	unlim.	10 yrs.	Credited towards primary lease term.	unlim.	
Time after anniv. to file work rpts	6 mos (fee)	30 days	90 days	at anniversary date	90 days	
Confidential period for work reports	lapse + 6 mos	upon lapse or 3 yrs	1 yr	1 yr after term or permit expiry	none with consent or upon lapse or 6 yrs	
Prod'n permitted	yes	\times \$100,000/yr	if surveyed or \times 1000 t/yr	no	no	
Other exploration rights	-	permit to prospect	reverted Crown-granted claim	none	permit, agreement	

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 1. Exploration and development

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	
Enacted (last amend)	1952 (1984)	1977 (1979)	1977 (1982)	1984	1961	
Ground/map staking	ground	ground	ground	map	ground	
Name	mineral claim	claim	(a) mineral claim of 1 to 20 units (b) 2-post claim (by indiv. only)	metallic minerals exploration permit	mineral claim	
Basic claim	How staked	2 posts, line between marked, max 8 claims/yr within 10 mi. rad.	4 corner posts and at 1500 ft on ext bndry, bndry marked before recording	(a) legal corner post and at 500 m on ext bndry, bndry marked (b) 2 posts, line between marked	application (map selection)	(a) surv. area: legal subdivision (b) unsurv. area: 4 corner posts, bndry marked
Size	L \times 1500 ft W \times 1500 ft 51.65 ac (20.9 ha)	\times 2582.5 ac (= 50 at 1500 ft), sides are mult. of 1500 ft. L \times 5W	(a) unit: 500 m (25 ha) (b) 2-post claim: 457.2 m (1500 ft) 20.9 ha (51.65 ac)	16 to 9216 ha.	(a) 40 ac (b) \times 40 ac side \times 1980 ft	
Block	Size		25 to 500 ha \times 8 units in one direction		L \times 6W (a) 1½ to 24 sect. (b) 960 to 15,360 ac	
Bearing of boundaries	any	astronomic	(a) astronomic (b) any	astronomic	astronomic	
Time marked on no. 1 post	date only	placing of post and compl'n of claim	(a) commencement and completion (b) date only	N/A	claim: commenc't block: completion	
Max. time to affix tags	as soon as reas.poss. after recording	when staking (write on tags)	when staking (write on tags)	N/A	1 yr from recording	
Max. days to record	15 + extra dep. on distance	60	30	N/A	(a) - (b) 30	
Recording fee (\$)	10/claim	0.10/ac	5/unit	25/permit	5/claim 0.15/ac for block	
Term length x number	1 yr x unlim.	2 yrs plus 1 yr x 8	1 yr x unlim.	3 yrs, plus 2 yrs plus 2 x 1 yr	1 yr x 10	
Renewal fee (\$) * Filing work	*5/claim	*0.10/ac	*5/100 work	1st - 100, 2nd - 200 3rd - 250	0	
Annual work \$/claim unless otherwise specif.	100	yrs (1 + 2) \$4/ac 3 + \$2/ac	yrs 1-3 100/unit 4 + 200/unit	First term \$10/ha Second term \$20/ha third and fourth term \$15/ha	claim: yrs 2-10 100 block: yrs 2-10 \$2.50/ac	
Cash for work — Refund if work done	yes - no	yes - yes	yes - no	Deposit Refund - yes	yes - no	
Limit for grouping work	16 claims/yr	5165 ac/yr (= 100 at 1500 ft)	100 claims/yr	1 claim per term	36 contiguous claims/yr	
Limit for excess work credit	\$400/cl/yr	unlim.	10 yrs.	Credited towards primary lease term.	unlim.	
Time after anniv. to file work rpts	6 mos (fee)	30 days	90 days	at anniversary date	90 days	
Confidential period for work reports	lapse + 6 mos	upon lapse or 3 yrs	1 yr	1 yr after term or permit expiry	none with consent or upon lapse or 6 yrs	
Prod'n permitted	yes	\times \$100,000/yr	if surveyed or \times 1000 t/yr	no	no	
Other exploration rights		permit to prospect	reverted Crown-granted claim	none	permit, agreement	

8.6 SUMMARY OF MINING RIGHTS (cont'd)

FIGURE 1. EXPLORATION AND DEVELOPMENT (cont'd)

MANITOBA	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
1975 (1981)	1960	1965 (1982)	1962 (1981)	1975	1978	1977 (1983)
ground	ground	ground	ground	map	map	(a) ground (b) map
mining claim	mining claim	claim development licence after yr 1 (yr 2 N of 52*)	mining claim	claim exploration licence for 1 to 80 claims	claim exploration licence for 1 to 80 claims	mineral claim
(a) surv. area: 1 + leg. subdiv's (b) unsurv. area: 4 corner posts and at 400 m on bndry, bndry marked	4 corner posts, bndry marked	4 corner posts, bndry marked, special rules in surv. area	4 corner posts in clockwise order, bndry marked	map selection	map selection	(a) 4 corner posts, bndry marked (b) map selection
16 to 256 ha L > 4W side > 400 m	(a) 1320 ft (40 ac) (b) aliquot part of subdivided lot	400 m (16 ha) in unsurv. area, other sizes in surv. area dev.lic. > 90 ha	400 m (16 ha)	40 to 3200 ac	40 to 3200 ac	(a) 400 m (16 ha) (b) 500 m (25 ha) (a) 16 to 64 claims (256 to 1024 ha) L > 4W
astronomic	astronomic	astronomic	astronomic	astronomic	astronomic	astronomic
completion	commencement (compl'n proposed)	commencement	commencement	-	-	completion
at staking if pre-purch., 1 yr from rec'ding if purch. at rec'ding	6 mos. from recording	when staking	3 mos. from recording	-	-	during staking
30	31	15 + max 30 extra dep. on distance	30	-	-	30
5/claim	10/claim	0	4/claim	4/claim	5/claim	5/claim
2 yrs plus 1 yr x unlim.	1 yr x 5	cl.-1 yr, 2N of 52 lic. 1 yr x unlim.	1 yr x 4	1 yr x 8	1 yr x 5	1 yr x 5
2/claim	0	.60/ha ()	2/claim	4/claim	5/claim	-
yrs 2-10 \$12.50/ha 11+ \$25.00/ha	yrs 1 20 days 2-4 40 days 5 60 days	yr 1 \$5/ha 2+ \$10/ha N of 52* yrs (1+2) \$15/ha	25 days/yr (day = \$5)	10 days/yr (day = \$20)	\$5/ac	yr 1 (a)200 (b)300 2 250 375 3 300 450 4 350 525 5 400 600
yes - yes	no	yes - no	any yr: yes - yes yr 1: \$10 - no	any yr: yes - yes	yes - yes	no but ext'n up to 1 yr with deposit
1600 ha/yr	4000 days/app'l'n (more for drilling)	480 ha	contiguous claims	an expl. licence (80 claims)	an expl. licence (80 claims)	contiguous claims
unlim.	unlim.	unlim.	10 yrs.	unlim.	unlim.	unlim.
60 days	10 days	30 days	10 days	15 days	15 days	60 days
none with consent or upon lapse	none	discretionary on request	none (2 yrs for reg'l work on req)	2 yrs	2 yrs plus 1 yr on request	upon lapse or 3 yrs
no (without consent)	no	no	no	no	no	no
permit agreement	agreement	exploration permit in New Quebec	agreement	agreement	agreement	reserved area licence

(a) ground staked; (b) map staked

(*) As of July 9, 1986, amount: \$0.75/ha

FIGURE 1. EXPLORATION AND DEVELOPMENT (cont'd)

MANITOBA	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
1975 (1981)	1960	1965 (1982)	1962 (1981)	1975	1978	1977 (1983)
ground	ground	ground	ground	map	map	(a) ground (b) map
mining claim	mining claim	claim development licence after yr 1 (yr 2 N of 52°)	mining claim	claim exploration licence for 1 to 80 claims	claim exploration licence for 1 to 80 claims	mineral claim
(a) surv. area: 1 + leg.subd'ns (b) unsurv. area: 4 corner posts and at 400 m on bndry, bndry marked	4 corner posts, bndry marked	4 corner posts, bndry marked, special rules in surv. area	4 corner posts in clockwise order, bndry marked	map selection	map selection	(a) 4 corner posts, bndry marked (b) map selection
16 to 256 ha L > 4W side > 400 m	(a) 1320 ft (40 ac) (b) aliquot part of subdivided lot	400 m (16 ha) in unsurv. area. other sizes in surv. area	400 m (16 ha)	40 to 3200 ac	40 to 3200 ac	(a) 400 m (16 ha) (b) 500 m (25 ha) (a) 16 to 64 claims (256 to 1024 ha) L > 4W
astronomic	astronomic	astronomic	astronomic	astronomic	astronomic	astronomic
completion	commencement (compl'n proposed)	commencement	commencement	-	-	completion
at staking if pre- purch., 1 yr from rec'ding if purch. at rec'ding	6 mos. from recording	when staking	3 mos. from recording	-	-	during staking
30	31	15+ max 30 extra dep. on distance	30	-	-	30
5/claim	10/claim	0	4/claim	4/claim	5/claim	5/claim
2 yrs plus 1 yr x unlim.	1 yr x 5	cl.-1 yr, 2N of 52 lic. 1 yr x unlim.	1 yr x 4	1 yr x 8	1 yr x 5	1 yr x 5
2/claim	0	.60/ha ()	2/claim	4/claim	5/claim	-
yrs 2-10 \$12.50/ha 11+ \$25.00/ha	yrs 1 20 days 2-4 40 days 5 60 days	yr 1 \$5/ha 2+ \$10/ha N of 52° yrs (1+2) \$15/ha	25 days/yr (day = \$5)	10 days/yr (day = \$20)	\$5/ac	yr 1 (a)200 (b)300 2 250 375 3 300 450 4 350 525 5 400 600
yes - yes	no	yes - no	any yr: yes - yes yr 1: \$10 - no	any yr: yes - yes	yes - yes	no but ext'n up to 1 yr with deposit
1600 ha/yr	4000 days/appl'n (more for drilling)	480 ha	contiguous claims	an expl. licence (80 claims)	an expl. licence (80 claims)	contiguous claims
unlim.	unlim.	unlim.	10 yrs.	unlim.	unlim.	unlim.
60 days	10 days	30 days	10 days	15 days	15 days	60 days
none with consent or upon lapse	none	discretionary on request	none (2 yrs for reg'l work on req)	2 yrs	2 yrs plus 1 yr on request	upon lapse or 3 yrs
no (without consent)	no	no	no	no	no	no
permit agreement	agreement	exploration permit in New Quebec	agreement	agreement	agreement	reserved area licence

(a) ground staked; (b) map staked

(*) As of July 9, 1986, amount: \$0.75/ha

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 2. Development and pre-production (production not a condition)

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	
NAME	lease (of claim)	lease (of claim)	mining lease	lease (1st & 2nd terms)	(a) lease (b) developed area (by expenditures)	
Boundary survey	yes	yes	yes	no	(a) marked or surveyed	
Other conditions for obtaining	certif. of improvements (\$500 spent, min. dep. found, post notice)	\$10/ac spent (\$4 tren. strip, drill, ug); undertake to commence prod'n	post & publish notice of intent	approved assess. report on permit	(b) \$100/ac spent, min \$50.00 ug	
Size limits	1 claim	1 claim (max 2582.5 ac)	max 40 units or 2-post claims	min 16 ha	(a) none (b) max 1440 ac	
Term renewal conditions	21 yrs. renewable if satisfy Min. that cond'ns of lease complied with	21 yrs renewable indef. subj. to prescr. cond'n's	max 21 yrs. renewable indef	Primary term - 10 years renewable to 15 years	(a) max 21 yrs renewable indef. (b) as per dis'p'n	
Rent (ann. unless otherwise spec.)	\$50/1st term \$200/2nd term	\$1/ac less red'n to 50% for tren. strip, drill, ug	0	\$2.50/ha	(a) 0 (b) \$1/ac, min \$200	
Annual work	none		\$400/unit or 2-post claim	\$10/per year prior production	(a) \$5/ac (b) none	

	MANITOBA	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
	lease (1st & 2nd terms)	lease (of mining rights)	development licence (cont'd)	mining licence	development licence	development licence	extended licence
	yes - unsurv.area ? - surv.area	yes - unsurv.area ? - surv.area	no	yes	no	no	no
	\$625/ha spent, lesser am't subj. to geol. & econ.		see Stage 1		suff. work to prove up a min'l deposit	suff. work to prove up a min'l deposit	compliance with terms of initial licence
	max 800 ha L > 6W	none	max 90 ha	none	max 80 claims	max 80 claims	none
	21 yrs. renew once without prod'n if \$1250 spent or prod'n on adj. lease or fully explored or prod'n unwarr.	21 yrs renewable indef.	1 yr renewable indef.	1 yr renewable indef.	1 yr renewable indef.	1 yr renewable indef.	one term max 5 yrs
	\$7.50/ha, min \$80	term 1, yr 1 \$1/ac yrs 2+ .25/ac terms 2+ .50/ac	\$.60/ha	\$.62/ha	\$1/ac	\$1/ac	\$3/ha
	none, unless needed for renewal	none	\$10/ha	25 days/16 ha (day - \$5)	as prescribed by Minister	as prescribed by Minister	(a) 1600/claim (b) \$900/claim

(a) ground staked; (b) map staked

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 2. Development and pre-production (production not a condition)

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	
NAME	lease (of claim)	lease (of claim)	mining lease	lease (1st & 2nd terms)	(a) lease (b) developed area (by expenditures)	
Boundary survey	yes	yes	yes	no	(a) marked or surveyed	
Other conditions for obtaining	certif. of improvements (\$500 spent, min. dep. found, post notice)	\$10/ac spent (\$4 tren. strip, drill, ug); undertake to commence prod'n	post & publish notice of intent	approved assess. report on permit	(b) \$100/ac spent, min \$50.00 ug	
Size limits	1 claim	1 claim (max 2582.5 ac)	max 40 units or 2-post claims	min 16 ha	(a) none (b) max 1440 ac	
Term renewal conditions	21 yrs. renewable if satisfy Min. that cond'ns of lease complied with	21 yrs renewable indef. subj. to prescr. condn's	max 21 yrs. renewable indef	Primary term - 10 years renewable to 15 years	(a) max 21 yrs renewable indef. (b) as per dis'p'n	
Rent (ann. unless otherwise spec.)	\$50/1st term \$200/2nd term	\$1/ac less red'n to 50% for tren. strip, drill, ug	0	\$2.50/ha	(a) 0 (b) \$1/ac, min \$200	
Annual work	none		\$400/unit or 2-post claim	\$10/per year prior production	(a) \$5/ac (b) none	

	MANITOBA	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
	lease (1st & 2nd terms)	lease (of mining rights)	development licence (cont'd)	mining licence	development licence	development licence	extended licence
	yes - unsurv.area ? - surv.area	yes - unsurv.area ? - surv.area	no	yes	no	no	no
	\$625/ha spent, lesser am't subj. to geol. & econ.		see Stage 1		suff. work to prove up a min'l deposit	suff. work to prove up a min'l deposit	compliance with terms of initial licence
	max 800 ha L x 6W	none	max 90 ha	none	max 80 claims	max 80 claims	none
	21 yrs. renew once without prod'n if \$1250 spent or prod'n on adj. lease or fully explored or prod'n unwarr.	21 yrs renewable indef.	1 yr renewable indef.	1 yr renewable indef.	1 yr renewable indef.	1 yr renewable indef.	one term max 5 yrs
	\$7.50/ha, min \$80	term 1, yr 1 \$1/ac yrs 2+ .25/ac terms 2+ .50/ac	\$.60/ha	\$.62/ha	\$1/ac	\$1/ac	\$3/ha
	none, unless needed for renewal	none	\$10/ha	25 days/16 ha (day - \$5)	as prescribed by Minister	as prescribed by Minister	(a) 1600/claim (b) \$900/claim

(a) ground staked; (b) map staked

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 3. Production (production generally a condition)

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	MANITOBA
NAME	lease (3rd term +)	lease (of claim)	certified mining lease	lease	developed area (by production)	lease (3rd term +)
Boundary Survey	done previously	yes	yes	done	developed area (by production)	done previously
Other conditions for obtaining	as prescr. by Gov. in Council	\$10/ac spent (4\$ tren, strip, drill, ug); undertake to commence prod'n	in production	none	mandatory if in commerc'l prod'n	mining or on standby
Size limits	1 claim (per stage 2)	1 claim (max 2582.5 ac)	max 40 units or 2-post claims	min 16 ha	max 1440 ac	max 800 ha L x 6W (per stage 2)
Term. renewal cond'ns	21 yrs. renewable indef. per cond'ns prescr. by Gov. in Council	21 yrs. renewable indef. subj. to prescr. cond'ns	to 21 yrs renew. indef., decert'd upon appl'n by lessee if prod'n ceases	15 years renewable	to 21 yrs. renew indef. as long as in prod'n treat ore in Sask.	21 yrs renewable indef. if in prod'n or on standby. treat ore in Canada
Rent (ann. unless otherwise spec.)	\$200/term	\$1/ac less red'n to 50% for tren, strip, drill, ug	\$10/ha	\$2.50/ha	\$1/ac min \$200	\$5/ha min \$80
Annual work	none		none	none	none	none
	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
	patent (= grant)	mining lease	mining lease	mining lease	mining lease	mining lease
	yes - unsurv.area ? - surv. area	yes - unsurv.area ? - surv. area	yes	yes	yes	yes if ground- staked
	1 yr continuous prod'n	reas. indic'n of economic min. dep. prod'n within 2 yrs	plans for mining & reclam'n	prod'n plans for mining & reclam'n	prod'n plans for mining & reclam'n	prod'n within 5 yrs
	none	max 90 ha/yr granted (to 400/yr with gov. appr'l)	min - 1 claim max - none	min - 1 claim max - 16 claims	max 12 claims	none
	grant in fee simple, treat ore in Canada	1st - 5 to 20 yrs; 3 ren'ls to 10 yrs each if mining 1/10 prev. term; ex- tension possible	21 yrs renewable to 84 yrs	20 yrs renewable so long as mine operated	20 yrs renewable so long as mine operated	1st - to 25 yrs renewable for terms to 10 yrs each
	-	\$2.50/ha	\$2.47/ha	\$1/ac	\$1/ac	\$40/ha
	-	none	25 days/16 ha (day = \$5)	work or mining or both	work or mining or both	none

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 3. Production (production generally a condition)

	YUKON	NWT	B.C.	ALBERTA	SASKATCHEWAN	MANITOBA
NAME	lease (3rd term +)	lease (of claim)	certified mining lease	lease	developed area (by production)	lease (3rd term +)
Boundary Survey	done previously	yes	yes	done	developed area (by production)	done previously
Other conditions for obtaining	as prescr. by Gov. in Council	\$10/ac spent (4\$ tren, strip, drill, ug); undertake to commence prod'n	in production	none	mandatory if in commerc'l prod'n	mining or on standby
Size limits	1 claim (per stage 2)	1 claim (max 2582.5 ac)	max 40 units or 2-post claims	min 16 ha	max 1440 ac	max 800 ha L x 6W (per stage 2)
Term. renewal cond'ns	21 yrs. renewable indef. per cond'ns prescr. by Gov. in Council	21 yrs. renewable indef. subj. to prescr. cond'ns	to 21 yrs renew. indef., decert'd upon appl'n by lessee if prod'n ceases	15 years renewable	to 21 yrs. renew indef. as long as in prod'n treat ore in Sask.	21 yrs renewable indef. if in prod'n or on standby. treat ore in Canada
Rent (ann. unless otherwise spec.)	\$200/term	\$1/ac less red'n to 50% for tren, strip, drill, ug	\$10/ha	\$2.50/ha	\$1/ac min \$200	\$5/ha min \$80
Annual work	none		none	none	none	none
	ONTARIO	QUEBEC	N.B.	N.S.	P.E.I.	NFLD.
	patent (= grant)	mining lease	mining lease	mining lease	mining lease	mining lease
	yes - unsurv.area ? - surv. area	yes - unsurv.area ? - surv. area	yes	yes	yes	yes if ground- staked
	1 yr continuous prod'n	reas. indic'n of economic min. dep. prod'n within 2 yrs	plans for mining & reclam'n	prod'n plans for mining & reclam'n	prod'n plans for mining & reclam'n	prod'n within 5 yrs
	none	max 90 ha/yr granted (to 400/yr with gov. appr'l)	min - 1 claim max - none	min - 1 claim max - 16 claims	max 12 claims	none
	grant in fee simple, treat ore in Canada	1st - 5 to 20 yrs; 3 ren'ls to 10 yrs each if mining 1/10 prev. term; ex- tension possible	21 yrs renewable to 84 yrs	20 yrs renewable so long as mine operated	20 yrs renewable so long as mine operated	1st - to 25 yrs renewable for terms to 10 yrs each
	-	\$2.50/ha	\$2.47/ha	\$1/ac	\$1/ac	\$40/ha
	-	none	25 days/16 ha (day = \$5)	work or mining or both	work or mining or both	none

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 5. Summary of Fees

		YUKON	N.W.T. ¹	B.C. ¹	ALTA. ¹	SASK.	MAN. ¹	ONT.	QUE.	N.B.	N.S.	P.E.I.	NFLD.	AVG.
Individual Prosp. Licence \$/yr			5.00	25.00				5.00	10.00 [*]	10.00	.		.	11.00
Corporate Prosp. Licence \$/yr			50.00	500.00				25.50, 100		25.50, 100				150 to 187.50
Set of claim tags \$/claim		0	1.00	2.00		1.00	2.00	0	0	1.00			2.00	1.00
\$ per 40 ac or 16 ha	Record grnd. claim (unit)	7.77	4.00	3.20		5.00	.625	10.00	0	4.00			5.00	4.40 3.89
	Grant map permit (lic.)				0.4		-	-	-	-	2.00	5.00	4.80	2.97
	Renew grnd. claim (unit)	0	0	0		0	0	0	9.60 ^{**}	2.00				
	Renew map permit (lic.)				0						2.00	5.00	0	2. .65
	File work	3.87	4.00	4.48 5 yr av.	0.48	0	.25	0	0	0	0	0	0	0
Rent: licence or lease \$/ha/yr	non- prod.	.28 tms 1&2	-	0	2.50 [*]	(a) 0 (b) 2.47	7.50 tms 1&2	.97 tms 1&2	.60 [@]	.62	2.47	2.47	3.00	2.08
	prod.	.46 tms 3+	2.47	10.00	2.50	2.47	5.00 tms 3+	- (grant)	2.50	2.47	2.47	2.47	40.00	6.62

1. In these jurisdictions a claim (permit, licence) ranges in size. The middle of the range is used where appropriate.

* lease only

(*) As of July 9, 1986, amount: \$25.00

(**) As of July 9, 1986, amount: \$12.00

(@) As of July 9, 1986, amount: \$ 0.75

8.6 SUMMARY OF MINING RIGHTS (cont'd)

Figure 5. Summary of Fees

	YUKON	N.W.T. ¹	B.C. ¹	ALTA. ¹	SASK.	MAN. ¹	ONT.	QUE.	N.B.	N.S.	P.E.I.	NFLD.	AVG.	
Individual Prosp. Licence \$/yr		5.00	25.00				5.00	10.00*	10.00	-		-	11.00	
Corporate Prosp. Licence \$/yr		50.00	500.00				25.50, 100		25.50, 100				150 to 187.50	
Set of claim tags \$/claim	0	1.00	2.00		1.00	2.00	0	0	1.00			2.00	1.00	
\$ per 40 ac or 16 ha	Record grnd. claim (unit)	7.77	4.00	3.20		5.00	.625	10.00	0	4.00		5.00	4.40 3.89	
	Grant map permit (lic.)				0.4	-	-	-	-	2.00	5.00	4.80	2.97	
	Renew grnd. claim (unit)	0	0	0		0	0	0	9.60**	2.00				
	Renew map permit (lic.)				0					2.00	5.00	0	2- .65	
	File work	3.87	4.00	4.48 5 yr av.	0.48	0	.25	0	0	0	0	0	0	-
Rent: licence or lease \$/ha/yr	non- prod.	.28 tms 1&2	-	0	2.50*	(a) 0 (b) 2.47	7.50 tms 1&2	.97 tms 1&2	.60 [@]	.62	2.47	2.47	3.00	2.08
	prod.	.46 tms 3+	2.47	10.00	2.50	2.47	5.00 tms 3+	(grant)	2.50	2.47	2.47	2.47	40.00	6.62

1. In these jurisdictions a claim (permit, licence) ranges in size. The middle of the range is used where appropriate.

* lease only

(*) As of July 9, 1986, amount: \$25.00

(**) As of July 9, 1986, amount: \$12.00

(@) As of July 9, 1986, amount: \$ 0.75

8.7 TAXES ON PETROLEUM

Various taxes are levied by the Federal government in addition to income tax. These are listed below, as reprinted from "World Petroleum Arrangements, 1985 (p. 84)".

Federal Oil Taxes, 1985 (Excluding Income Tax)

<u>NAME</u>	<u>BASIC CHARGE</u>	<u>BASE</u>
PETROLEUM AND GAS REVENUE TAX	16%	- levied on revenue minus operating costs and, for eligible tax-payers, a 25% resource allowance
INCREMENTAL OIL REVENUE TAX	50%	- suspended until June 1, 1984 - levied on difference between amount received and NEP prices less associated incremental royalties, for oil discovered before 1981
INCREMENTAL RESOURCE ROYALTY TAX	50%	- suspended until June 1, 1984 - levied on incremental resource royalties from oil discovered before 1981
NATURAL GAS AND GAS LIQUIDS TAX	varies with type of gas liquid	- on marketable pipeline gas consumed in Canada or exported from Canada Lands and on gas liquids whether consumed in Canada or exported. - levied at the gas processing plant
PETROLEUM COMPENSATION CHARGE	specific, varies as needed	- all domestic crude as it enters the refinery and all imported oil
CANADIAN OWNERSHIP SPECIAL CHARGE	\$7.25/M ³ on oil \$0.14/GJ on gas	- all domestic crude oil as it enters the refinery, all imported oil, all marketable gas and gas liquids at the point at which the NGGLT is levied, and all imported gas and gas liquids.

8.8 ROYALTIES ON PETROLEUM & GAS

Both Federal and Provincial royalties are levied on oil and gas. The rates are complex, varying with old and new petroleum (oil and/or gas) and having varying rates, as outlined in the following tables. (Reprinted from "World Petroleum Arrangements, pp. 85-87.)

Summary Of Provincial Royalties and Taxes In Alberta, Saskatchewan and British Columbia, 1985

	<u>Alberta</u>	<u>Saskatchewan</u>	<u>British Columbia</u>
CROWN OIL ROYALTIES	<ul style="list-style-type: none"> - rates vary based on date of discovery, productivity of well and method of recovery - marginal rates: 45% old oil 35% NORP oil 	<ul style="list-style-type: none"> - rates vary based on date of discovery, productivity of well and method of recovery - marginal rates: 40% old oil 33% NORP oil 	<ul style="list-style-type: none"> - rates vary based on date of discovery, productivity of well and method of recovery - marginal rates: 40% old oil 30% new oil 30% NORP oil
FREEHOLD OIL ROYALTIES	<ul style="list-style-type: none"> - Freehold Mineral Rights Tax based on production 	<ul style="list-style-type: none"> - Freehold Production Tax based on production 	<ul style="list-style-type: none"> - Mineral land tax roughly equivalent to 85% of new oil royalty
OIL ROYALTY REDUCTIONS	<ul style="list-style-type: none"> - reduced in respect of extra costs of tertiary scheme - reduced in respect of NGL's injected - synthetic crude and integrated oil sands are each treated differently - experimental projects pay 5% flat rate 	<ul style="list-style-type: none"> - 5% gross royalty for pilot tertiary and experimental projects; after payout, the royalty on commercial plants is the greater of 10% gross or 30% net 	<ul style="list-style-type: none"> - incremental old oil from new and approved up-graded water-floods is considered as new
NATURAL GAS ROYALTIES	<ul style="list-style-type: none"> - rates vary with date of discovery, productivity of well and method of recovery 	<ul style="list-style-type: none"> - royalty = $\\$5.32/10^3\text{M}^3$ 	<ul style="list-style-type: none"> - implicit royalty is the residual from market price after deducting field price and set-back stabilization

8.8 ROYALTIES ON PETROLEUM & GAS

Summary Of Provincial Royalties and Taxes In Alberta, Saskatchewan and British Columbia, 1985 (Cont'd)

	<u>Alberta</u>	<u>Saskatchewan</u>	<u>British Columbia</u>
NATURAL GAS ROYALTIES (Cont'd)	<ul style="list-style-type: none"> - marginal rates: 45% old gas 35% new gas - Freehold Mineral Rights Tax based on production 		<ul style="list-style-type: none"> - Freehold gas not sold to the provincial corporation faces mineral land tax roughly equal to 85% of new gas implicit royalty
GAS ROYALTY REDUCTIONS	<ul style="list-style-type: none"> - reduced in respect of processing fees 		
ROYALTY/TAX EXEMPTIONS	<ul style="list-style-type: none"> - exploratory wells may be exempt from royalties and freehold mineral taxes: 5 yrs for oil 1 yr for gas 	<ul style="list-style-type: none"> - one year holiday for wells drilled between 1/6/82 and 30/12/85 and incremental new or expanded water flood production after 31/12/82 - three year holiday for deep development wells and non-deep exploration wells drilled after 31/12/82 - five year holiday for deep exploratory wells 	<ul style="list-style-type: none"> - land from which gas is sold to BCPC exempt from mineral land tax - incremental oil from approved tertiary recovery full scale projects is one-half of new rate during pre-pay-out period - tertiary pilots and oil from new pool exempt for three years
CANADA LANDS BASIC ROYALTY	10%		<ul style="list-style-type: none"> - gross revenue from production on Canada Lands
PROGRESSIVE INCREMENTAL ROYALTY	40%		<ul style="list-style-type: none"> - gross revenue minus basic royalty, PGRT, an Income Tax abatement, operating costs, a capital allowance and an allowed return on investment

8.8 FEES & RENTALS ON PETROLEUM & GAS

8.8.1 Schedule 1 to the Petroleum Resources Regulations - Nova Scotia

FEES AND RENTALS

1. The following fees shall be payable at the time of filing:

- exploration license application	\$ 100.00
- exploration agreement proposal (this filing fee shall be refunded by the Minister if the proposal is not accepted)	\$1,000.00
- exploration agreement renewal	\$100.00
- drilling renewal permit	\$100.00
- development program submission	no fee required
- lease application	\$100.00
- lease renewals	\$100.00
- transfers	\$100.00
- surrender	no fee required
- termination	no fee required

2. The following rentals shall be payable in advance annually:

- exploration agreements	\$0.12 per hectare
- lease	\$4.94 per hectare

3. The following inspection fees shall be payable in advance:

- exploration license	\$5.00
- exploration agreement	\$5.00
- lease	\$5.00
- notice of transfer	\$5.00

8.9 ROYALTIES - NEWFOUNDLAND PETROLEUM

The following is taken from the "Petroleum Act" (pp. 995-997) of 10 Nov. 1978, which is now superceded by the "Offshore Agreements". It is intended as an example of typical royalty scales.

ROYALTIES

89. All leases shall provide for a basic royalty of 10% of net production.
90. (1) Every lease shall provide for a sliding scale royalty in addition to the basic royalty based on the yearly net production of petroleum from that lease.
- (2) The additional royalty for oil for that part of the production between:
- (a) 0 and 8 million cubic metres per year is 0%;
 - (b) 8 and 16 million cubic metres per years is 5%;
 - (c) 16 and 24 million cubic metres per year is 10%;
 - (d) 24 and 32 million cubic metres per year is 15%;
 - (e) 32 and 40 million cubic metres per year is 20%; and
- for that part of the production over 40 million cubic metres per year is 25%.
- (3) The additional royalty for gas for that part of the production between:
- (a) 0 and 30 billion standard cubic metres per year is 0%;
 - (b) 30 and 45 billion standard cubic metres per year is 5%;
 - (c) 45 and 60 billion standard cubic metres per year is 10%;
 - (d) 60 and 75 billion standard cubic metres per year is 15%;
 - (e) 75 and 90 billion standard cubic metres per year is 20%; and
- for that part of the production over 90 billion standard cubic metres per year is 25%.
91. (1) The basic royalty set out in section 89 shall be paid monthly within 3 months following the calendar month in which the production occurred.
- (2) The additional royalty set out in section 90 shall be paid yearly within 3 months following the calendar year in which the production occurred.
92. (1) Where the estimated cashflow associated with the operation of the lease would not result in a minimum internal rate of return to the lessee of 25% over the term of the lease, the Minister shall reduce the additional royalty by an amount which will allow the lessee to earn such 25% minimum internal rate of return upon application by the lessee.
- (2) Where the additional royalty has been eliminated pursuant to subsection (1) and where the estimated cashflow associated with the operation of the lease would not result in a minimum internal rate of return to the lessee of 20% over the term of the lease, the Minister shall reduce the basic royalty by an amount which will allow the lessee to earn such 20% minimum internal rate of return upon application by the lessee.
- (3) Notwithstanding subsection (3), the basic royalty shall not be less than 5%.
- (4) Royalty reductions granted pursuant to subsections (1) and (2) may extend for 1 year periods during the first 5 years of production and for 3 year periods thereafter.
- (5) The reductions granted pursuant to subsections (1) and (2) shall be determined on the basis of actual costs and revenues where available and reasonable projections of future costs and revenues for the remainder of the term of the lease.

8.9 ROYALTIES - NEWFOUNDLAND PETROLEUM (Cont'd)

ROYALTIES (Cont'd)

- (6) For purposes of calculating the internal rate of return:
 - (a) revenues shall be determined on the basis of the lessee's share of net production during the term of the lease and on the price established pursuant to sections 87 and 88.
 - (b) costs shall only include costs directly applicable to the lease incurred during the term of the lease and to the permit from which the lease was selected; and
 - (c) all payments made to the province including provincial corporate income tax and any other provincial taxes shall be taken into account.
 - (7) The calculation of a lessee's internal rate of return and the reduction of additional and basic royalties required by this section are subject to arbitration pursuant to section 133.
 - (8) Every decision to reduce royalties shall be published in the Gazette before the start of each period established pursuant to subsection (4), and a report stating the reasons for the reduction shall be available for inspection by the public at the office of the Director.
93. The Minister may, upon giving the lessee 3 months' notice, require the lessee to pay all or part of the basic and additional royalties set out in sections 89 and 90 in kind, subject to section 101.

PARTICIPATION

94. It shall be deemed to be a condition of every lease that the lessee shall transfer to the Newfoundland and Labrador Petroleum Board (NLPB) within 1 year after the start of the term of the lease, an undivided 40 per cent working interest in his lease.
95. For the purpose of sections 96 to 100, and section 128, the original lessee or his assignees shall be referred to as the operator.

8.9 ROYALTIES - NEWFOUNDLAND PETROLEUM (Cont'd)

PARTICIPATION (Cont'd)

96. Every operator shall, upon making a transfer pursuant to section 94, enter into a participation agreement with NLPB containing terms and conditions normally found in such agreements in the international petroleum industry and, without restricting the generality of the foregoing, the following terms and conditions:
- (a) that NLPB will receive on a monthly basis, in a manner determined in such agreement, a share of the net petroleum production in value or in kind, equal to the interest established in section 94, subject to section 101;
 - (b) that NLPB will receive a share of income resulting from the operations in the lease area, other than that resulting from the sale of petroleum produced from the lease area, equal to the interest established in section 94;
 - (c) that NLPB shall be represented on any management or operating committee relating to the lease area and shall have a vote equal to its 40% participation interest;
 - (d) that the operator and NLPB will be solely responsible for their respective shares of any exploration and development costs, operating costs, royalties, and other outlays other than income tax incurred after the date of any transfer pursuant to section 94;
 - (e) that notwithstanding paragraph (d) or any other provision in these Regulations, NLPB shall be solely responsible for and shall indemnify the operator, if necessary, for any corporate income taxes or other taxes levied against the operator in respect of any part of NLPB's share of income that is deemed under the Income Tax Acts of Canada or the provinces to be income of the operator;
 - (f) that NLPB will pay 40% of all exploration and development costs, operating costs, royalties and other outlays other than income tax, expended on the original permit area from the date of issuance of the permit or, where applicable, of the interim permit, until the date of such transfer, including cumulative interest on all costs calculated at the prime lending rate charged on long term loans by Canadian chartered banks from time to time, plus 3 per cent during the period between the date such costs are paid by the operator and the date of such transfer;
 - (g) that NLPB will pay a finders premium to the operator equal to four times the average cost of a well drilled in the lease area to the total depth of the discovery including cumulative interest calculated at the prime lending rate charged on long terms loans by Canadian chartered banks from time to time plus 3 per cent during the period between the date the discovery well was completed and the date of such transfer; and
 - (h) that at the date of any transfer pursuant to section 94, NLPB may elect to convert all or part of its 40% working interest in the lease into an identical percentage carried interest pursuant to section 97.
97. (1) It shall be deemed to be a term of every lease that NLPB may convert all or part of its working interest in a lease to a carried interest.

8.10 PETROLEUM & GAS CONTRACTUAL TERMINOLOGY

8.10.1 Terms and Conditions - Nova Scotia Licences

1. The Licensee acknowledges that the rights granted by this License under the Petroleum Resources Act are non-exclusive rights and are subject to:
 - (a) the Petroleum Resources Act and Regulations thereunder;
 - (b) all enactments of the Legislature or Governor in Council in effect during the term of this License;
2. The Company hereby undertakes and agrees to indemnify and save harmless the Province from any and all claims, demands, losses, damages, actions or suits which may now or hereafter arise out of or as a result of the exercise of any right given by this License.
3. The Licensee shall not sell, transfer, assign, or otherwise dispose of any right or interest except in accordance with the Petroleum Resources Act and Regulations thereunder.
4. (1) Notice required pursuant to this License, the Petroleum Resources Act or Petroleum Resources Regulations shall be effective if given by personal service or by registered mail to the representative designated pursuant to Section 3 of the Petroleum Resources Regulations.
 - (2) Any notice given by registered mail shall be deemed served on the third business day following that upon which the notice is posted.
 - (3) The Licensee shall maintain an accurate address for service and shall forthwith notify the Minister of any change therein.

8.10 PETROLEUM & GAS CONTRACTUAL TERMINOLOGY (Cont'd)

8.10.2 Application for a Petroleum Exploration Agreement - Nova Scotia

Application is hereby made by _____ of _____
for a Petroleum Exploration Agreement under the Petroleum Resources Act in respect of lands
situated at _____ in the County of _____ and
described as follows:

RESERVATION	REFERENCE MAP	HECTARES
_____	_____	_____
_____	_____	_____
_____	_____	_____

State the Extent and Character of the Examination to be made and an Estimate of its Cost:

First Year _____
Second Year _____
Third Year _____
Details as attached.

Signed at _____ Date _____ Tel. No. _____

Signature of Applicant _____ Address _____

NOTE: If the applicant is not a resident of Nova Scotia, state the name and address of a resident of Nova Scotia upon whom service may be made.

Service may be made upon _____, at the following address _____

_____ Tel. No. _____

Petroleum Resources Act - Subsection 11(1) - No holder of a petroleum right may enter upon any Nova Scotia lands, including lands owned by the Province, to explore for or develop petroleum, without the consent of the owner or lawful occupier of the surface of such lands.

Petroleum Resources Act - Section 19 - No person shall transfer, assign or otherwise dispose of a petroleum right except in the prescribed manner.

8.10 PETROLEUM & GAS CONTRACTUAL TERMINOLOGY (Cont'd)

8.10.3 Notice of Transfer - Nova Scotia

Part 1

Notice is hereby given that _____ of _____

(or _____) a body corporate duly
incorporated under the laws of _____ with head office at _____
_____) (hereinafter called the Transferor) has, subject to compliance
with Regulation 33 of the Petroleum Resources Regulations, sold, transferred, assigned or
disposed of the right, or interest in a right, described below to _____
of _____ (or _____ a body corporate duly incorporated
under the laws of _____ with head office at _____)
(hereinafter called the Transferee):

SIGNED by the Transferor this ____ day of _____, A.D. 19__.

Witness

Witness

Part 2

The Transferee hereby acknowledges the transaction referred to in Part 1.

SIGNED by the Transferee this ____ day of _____, A.D. 19__.

Witness

Witness

Part 3

I, _____, Minister of Mines and Energy, hereby
consent to the transaction referred to in Part 1.

SIGNED by the Minister of Mines and Energy this ____ day of _____, A.D.
19__.

Witness

Minister

Part 4

Recorded at the Office of the Registrar this ____ day of _____, A.D.
19__ at ____ a.m./p.m. as instrument _____, page number ____.

Registrar

8.11 INCENTIVES & PROGRAMS

8.11.1 Oil & Gas Taxation

Taxation of oil and gas in Canada is complex. Income taxes are levied by both the Federal and Provincial authorities. The table below reflects rates as of 1 January, 1985. No effort was made to update this data, since it is for illustration only.

<u>NAME</u>	<u>BASIC CHARGE</u>	<u>BASE</u>
INCOME TAX	46% federal with a percentage abatement for income earned in a province	- on taxable income from all sources - allows deductions for exploration, development and capital expenses
	16% Newfoundland	-no Crown royalty deduction
	15% Nova Scotia	federally but most producing
	13% Quebec	provinces have some form of
	15% Ontario	rebate
	16% Manitoba	
	14% Saskatchewan	
	11% Alberta	
	16% British Columbia	
	10% North West Territories	
	10% Yukon	

Reprinted from "World Petroleum Arrangements, 1985" p. 83)

8.11.2 FEDERAL TAX INCENTIVES

8.11.2.1 Sales and Excise Taxes

- Either exempted from the tax or else one can apply for a rebate of a portion of the tax.
- Mined products are exempted from the tax.
- Certain production equipment are exempted from the 12% tax.
- Select products are subject to reduced rates of excise tax.
- Certain persons engaged in the extraction and processing of minerals and the restoration of strip-mined land, are eligible for a fuel tax rebate of 3.0 cents/litre on gasoline and diesel.

8.11.2.2 Income Tax Provisions

- Incentives for exploration, development and production.
- Exploration Tax Credit - A 25% investment tax credit.
- Canadian Exploration Expense - All oil, gas and mineral exploration expenditures including geological, geophysical and drilling are 100% deductible from income.
- Canadian Development Expense - deducted from income at a 30% declining balance depreciation rate.
- Oil and Gas Property Expense - deducted from income on a 10% declining balance basis.
- Earned Depletion - The deduction from income is equal to 25% of income up to a maximum.
- Resource Allowance - This deduction from income is equal to 25% of resource profits.

8.11.2.3 Incentives for the Acquisition of Energy Equipment

- Certain energy equipment qualifies for faster than normal capital cost allowance write-off.

8.11.2.4 Investment Tax Credits

- Earned on certain property acquisitions and capital expenditures in Nova Scotia and are fully deductible against federal taxes otherwise payable.
- Investments in transportation and construction equipment earn a 7% credit rate.
- Certified property in certain areas of the Province, is eligible for a 40% special investment tax credit.
- Any portion of the above investment tax credit that is unused in the year it is earned may be carried forward for seven years or back three years.
- Investment in the Cape Breton area is eligible for a 60% investment tax credit.

8.11.2 FEDERAL TAX INCENTIVES (Cont'd)

8.11.2.5 Research and Development Tax Credit

- At the federal level, the credit for general corporations is equal to 30% of eligible expenditures in the province.

8.11.2.6 Manufacturing and Processing Incentives

- Manufacturing and processing activities are provided an incentive through the income tax system in the form of a tax reduction on profits.

8.11.2.7 Accelerated Capital-Cost Allowance (Class 34)

- To encourage business and industry to install equipment and facilities in order to reduce energy waste, to decrease dependence on oil and to convert to renewable energy resources.

8.11.3 FEDERAL CONTRIBUTORY PROGRAMS

8.11.3.1 Natural Gas Vehicle Program

- Offers a \$500 taxable contribution.
- Each vehicle converted to natural gas.

8.11.3.2 Petrochemical Feedstocks Program

- The oil-based sector in all provinces has received short-term assistance through a remission of the final Petroleum Compensation Charge increase.

8.11.3.3 Industry Energy Research and Development Program (IERD)

- IERD responds to requests for financial assistance for projects.
- The federal government's contribution is based on company resources, the degree of risk of the project, and incrementality.
- It is normally up to 50 percent of eligible costs.

8.11.3 FEDERAL CONTRIBUTORY PROGRAMS (Cont'd)

8.11.3.4 Super Energy Efficient Home (SEEH) Program

- Incentive payments are made directly to the builder with \$5,000 going towards the first unit, \$1,500 towards the second, and \$400 thereafter.

8.11.3.5 Energy Research and Development (R&D)

- The resources are allocated through approval procedures of the interdepartmental Panel for Energy Research and Development (PERD).

8.11.3.6 Bioenergy Development Program (BDP)

- Support for the research, development and demonstration of new technologies and methods.

8.11.3.7 Industrial and Regional Development Program (IRDP)

- Provides a range of financial support including contributions and repayable contributions.

8.11.3.8 Atlantic Enterprise Program (AEP)

- Offers federal assistance to businesses across a wide range of industry sectors.

8.11.3.9 Federal Business Development Bank (FBDB)

- Offers a number of services to promote and assist most types of businesses in Canada.

8.11.4 FEDERAL INFORMATION TRANSFER PROGRAMS

8.11.4.1 Buildings Energy Technology Transfer (BETT) Program

- Seeks to carry out research and development work on energy use and conservation in buildings.

8.11.4.2 Energy Management and Technology Transfer (EM&TT) Program

- Designed to assist industry, commerce and institutions to reduce energy consumption by increasing their general awareness and technical knowledge of energy management.

8.11.4.3 Industrial Energy Conservation Task Force Program

- Endeavours to assist industry to achieve a high degree of energy efficiency.

8.11.4.4 Canaca Centre for Mineral and Energy Technology (CANMET)

- Mandate of CANMET is to enhance the role and contribution of minerals and energy to the Canadian economy by means of mission-oriented research and development.

8.11.4.5 Earth Physics Branch

- Objectives are to ensure the availability of geophysical data, information, technology, standards and expertise.

8.11.5 PROVINCIAL TAX INCENTIVES - NOVA SCOTIA

8.11.5.1 Sales Tax Exemptions

- The major categories of energy products currently exempt.

8.11.5.2 Sales Tax Rebates

- Certain solar and wind energy projects are eligible for a sales tax rebate.

8.11.5.3 Income Tax Incentives

- R&D tax credit is equal to 10% of eligible expenditures.

8.11.6 PROVINCIAL CONTRIBUTORY PROGRAMS - NOVA SCOTIA

8.11.6.1 Black Business Opportunity Program (BBOP)

- As a stimulus to create and maintain jobs in black businesses

8.11.6.2 Rural Industry Program (RIP)

- Assists in the development of small business in rural Nova Scotia.

8.11.6.3 Machinery and Equipment Tax Rebate Program

- Rebatting a portion of municipal taxes paid on machinery and equipment.

8.11.6.4 Trade Expansion Program (TEP)

- Offers grants to assist Nova Scotia firms wishing to attend trade fairs and exhibits, conduct market identification investigation, attend market education courses and host incoming buyers.

8.11.6.5 Product Development Management Program (PDMP)

- Is Designed to provide support for business within essential phases of the product development cycle.

8.11.6.6 Industrial Estates Limited (IEL)

- Created to support the establishment and expansion of manufacturing industries throughout the Province.

8.11.6.7 Nova Scotia Resources Development Board (NSRDB)

- Was created to ensure financial support for Nova Scotia businesses directly involved in tourism and resource industries sectors.

8.11.6.8 Nova Scotia Venture Corporations Board (NSVCB)

- NSVCB ensures the availability of risk capital throughout the Province.

8.11.7 PROVINCIAL INFORMATION TRANSFER PROGRAMS - NOVA SCOTIA

8.11.7.1 Provincial Energy Analysis Program (P.E.A.P.)

- Offers two services: Energy Analysis and Follow-up Services.
- Energy analysis produces a list of measures to reduce energy use, the approximate cost of each measure, and the expected energy saving.
- Follow-up services, gives planning assistance for the implementation of recommended conservation measures.

8.11.7.2 Technical Services

- Information of a technical or engineering nature to assist businesses and other government departments.

8.11.8 JOINT FEDERAL-PROVINCIAL CONTRIBUTORY PROGRAMS

8.11.8.1 National Conservation and Alternative Energy Initiative (NCAIE)

- Provide effective coordination of independent and joint federal and provincial activities in the areas of energy conservation and alternative energy.

8.11.8.2 Canada-Nova Scotia Memorandum of Understanding on Energy Conservation and Alternative Energy

8.12 AUTHORITY TO ENTER INTO AGREEMENT - NOVA SCOTIA PETROLEUM

Within each Province, we find that the Minister responsible for the resource is usually empowered to act and enter into agreement(s) of exploration/exploitation, through an "Order In Council".

The following is extracted from the Nova Scotia "Petroleum Resources Act Regulations" of 29 October, 1985, to illustrate some of the terminology.

EXPLORATION AGREEMENTS

39. The Minister may give notice in the Royal Gazette and in such other manner as he considers appropriate that he will receive suggestions for specific lands to be included in future calls for exploration proposals.

40. (1) The Minister may publish a call for exploration proposals for such lands as are specified in the call.

(2) The call shall be published in the Royal Gazette, and in such other publications as the Minister considers will best advertise the call, not less than sixty days prior to the last date for submission of proposals.

41. (1) The call shall include

- (a) a description of the lands to be explored;
- (b) the manner of submitting the proposals;
- (c) the last date for submission of proposals; and
- (d) the criteria by which the Minister will evaluate the proposals.

42. An applicant for an exploration agreement shall submit to the Minister a proposal in Form C and a statement setting out

- (a) information sufficient to enable the Minister to judge the technical capability of the applicant and the applicant's experience in the exploration, production and transportation of petroleum, including the applicant's past experience in Nova Scotia or in other areas that pose similar technical problems;
- (b) information sufficient to enable the Minister to judge the financial capability of the applicant; and
- (c) the address of the applicant.

8.12 AUTHORITY TO ENTER INTO AGREEMENT - NOVA SCOTIA PETROLEUM (Cont'd)

43. The Minister may at any time require an applicant for an exploration agreement to submit such further technical or financial information as is necessary to enable the Minister to judge the proposal submitted by the applicant, but no applicant shall otherwise revise the contents of his proposal without leave of the Minister.

44. (1) The Minister shall, within ninety days of the date by which the proposals were required to be submitted, select a proposal or reject all proposals on the basis of the criteria established in the call for proposals.

(2) Where the Minister has selected a proposal, he shall, subject to subsection (1) of Section 46, enter into an exploration agreement with the applicant who submitted that proposal upon such terms and conditions as the Minister may deem appropriate.

45. Where

(a) no proposal has been submitted;

(b) no proposal has been selected; or

(c) where the Minister considers that a call is not advisable;

the Minister may enter into an exploration agreement with any person upon such terms and conditions as the Minister may deem appropriate.

46. (1) The Minister may require any person with whom he intends to enter into an exploration agreement to furnish bonds in a form satisfactory to the Minister in such amounts as the Minister may deem appropriate to ensure performance of obligations under the Act, these Regulations and the exploration agreement.

(2) The bond shall be forfeited in whole if the agreement holder does not fulfill the obligations for which the bond is posted.

(3) The forfeiture of the bond shall not impair or otherwise affect the rights of the Province under the Act, these Regulations and exploration agreement.

8.12 AUTHORITY TO ENTER INTO AGREEMENT - NOVA SCOTIA PETROLEUM (Cont'd)

(4) An agreement holder may apply to the Minister for reduction of the amount of the performance bond and, upon being satisfied that the holder has, since being granted the exploration agreement, or since the date of a previous bond reduction, fulfilled a portion of his exploration program and that the portion has a certain value, the Minister may authorize the amount of bond to be reduced by such amount as the Minister considers appropriate.

47. The Minister may return the performance bond where

(a) in the opinion of the Minister a failure to fulfill the obligations under an exploration agreement is the result of technical difficulties beyond the agreement holder's control despite adherence to good oilfield practices;

(b) further performance under an exploration agreement would not be reasonable in the Minister's opinion; or

(c) the obligations for which the bond is posted have been performed to the satisfaction of the Minister.

48. Subject to the Act and Regulations, an exploration agreement may be amended by the mutual consent of the Minister and the agreement holder.

49. An agreement holder shall deliver to the Minister annually within sixty days after the anniversary date of the exploration agreement

(a) a progress report including interpretations based on work conducted;

(b) two copies of all information and data obtained pursuant to the program of exploration; and

(c) a statement of expenditures, verified by statutory declaration, setting forth the items of expenditures and the specific purpose for which each item of expenditure was made.

8.13 FEE, RENTAL AND WORK REQUIREMENTS

The following requirements from British Columbia provide a good example of the variety of charges stipulated in the Acts governing Petroleum and Natural Gas. Similar clauses can be found in the Mines Acts.

B.C. Reg. 378/82
O.C. 1575/82

Filed August 20, 1982

Petroleum and Natural Gas Act

PETROLEUM AND NATURAL GAS ACT FEE, RENTAL AND WORK REQUIREMENT REGULATION [effective September 1, 1982]

[Consolidated January 31, 1983.]

Geophysical licence fees

1. For the purposes of section 33 (2) and (3) of the Act, the fee for issue or renewal of a geophysical licence is \$50.

Permit fees

2. For the purpose of sections 39 and 52 (2) of the Act, the fee for issue or renewal of a permit is \$500.

Annual rents

3. The annual rent for a permit or renewal of a permit is
- (a) for the first, second and third years,
 - (i) for a Class A, B or C permit, 50¢/ha,
 - (ii) for a Class D permit, 30¢/ha,
 - (b) for the fourth and fifth years,
 - (i) for a Class A, B or C permit, 75¢/ha,
 - (ii) for a Class D permit, 50¢/ha,
 - (c) for the sixth year,
 - (i) for a Class A permit, \$1.50/ha,
 - (ii) for a Class B permit, \$1.25/ha,
 - (iii) for a Class C permit, 75¢/ha,
 - (iv) for a Class D permit, 50¢/ha,
 - (d) for the seventh year,
 - (i) for a Class A permit, \$2.00/ha,
 - (ii) for a Class B permit, \$1.75/ha,
 - (iii) for a Class C permit, 75¢/ha,
 - (iv) for a Class D permit, 50¢/ha, and
 - (e) for the eighth year,
 - (i) for a Class A permit, \$2.50/ha,
 - (ii) for a Class B permit, \$2.00/ha,
 - (iii) for a Class C permit, 75¢/ha,
 - (iv) for a Class D permit, 50¢/ha.

Work requirement for permittees

4. A permittee shall do, or cause to be done, on the location for which the permit was issued, work consisting of geological work, geophysical exploration or exploratory drilling, or any of them, to the satisfaction of the commissioner to the value of,

- (a) in the first year,
 - (i) for a Class A, B or C permit, \$1/ha,
 - (ii) for a Class D permit, 50¢/ha,
- (b) in the second year,

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- (i) for a Class A permit, \$2/ha,
 - (ii) for a Class B permit, \$1.50/ha,
 - (iii) for a Class C permit, \$1/ha,
 - (iv) for a Class D permit, 50¢/ha,
- (c) in the third year,
- (i) for a Class A permit, \$4/ha,
 - (ii) for a Class B permit, \$3/ha,
 - (iii) for a Class C permit, \$2/ha,
 - (iv) for a Class D permit, \$1/ha,
- (d) in the fourth year,
- (i) for a Class A permit, \$5/ha;
 - (ii) for a Class B permit, \$4/ha,
 - (iii) for a Class C or D permit, \$2.50/ha,
- (e) in the fifth year,
- (i) for a Class A permit, \$5/ha,
 - (ii) for a Class B permit, \$4/ha,
 - (iii) for a Class C or D permit, \$3/ha,
- (f) in the sixth year,
- (i) for a Class A permit, \$7.50/ha,
 - (ii) for a Class B permit, \$6/ha,
 - (iii) for a Class C or D permit, \$5/ha,
- (g) in the seventh year,
- (i) for a Class A permit, \$15/ha,
 - (ii) for a Class B permit, \$10/ha,
 - (iii) for a Class C or D permit, \$7.50/ha, and
- (h) in the eighth year,
- (i) for a Class A permit, \$20/ha,
 - (ii) for a Class B permit, \$15/ha,
 - (iii) for a Class C or D permit, \$7.50/ha.

Work in lieu

5. (1) Where a permittee has done or caused to be done road construction giving access to his location, that work shall be deemed to have been done on the location, and he may

- (a) apply the road construction, in the year it is done, in lieu of up to one year's work requirement during the term of the permit, or
- (b) where the commissioner has approved the work on the basis that it will benefit others than the permittee, apply the road construction in lieu of the work requirement.

(2) Where the commissioner has approved a program of geological work or geophysical exploration, or both, that is to be done beyond the boundaries of a location or locations, that work, on completion, may be applied by the permittee in lieu of the work requirement as if it had been done on the location or locations.

Recording of work

6. All work shall be recorded with the commissioner in the permit year in which it is done.

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Petroleum and natural
gas lease fees

7. For the purposes of section 64 of the Act, the fee for issue of a lease is \$200.

Petroleum and natural
gas lease rentals

8. (1) The annual rental for a lease is \$7.50/ha, payable in advance, except that

(a) in addition to the rental reduction possible under section 9, where exploratory work has been done of a kind and in an area satisfactory to the commissioner, the lease rental for the next 2 years may be reduced by

(i) 1/2 the value of that work, or

(ii) an amount equal to \$7.50/ha in the location of the lease, at a maximum annual rate of \$3.75/ha,

whichever is less,

(b) in addition to the rental reduction possible under section 9, where exploratory drilling to the satisfaction of the minister has been done, 1/2 the value of the work done on a lease up to a maximum of \$11.25/ha may be approved and recorded with the commissioner in the year in which it was done, and the amount recorded may be applied at the request of the lessee in satisfaction of rental for the next 3 years of the lease at the maximum annual rate of \$3.75/ha,

(c) where a lessee is eligible for a reduction under section 9, the application of a rental reduction under paragraph (a) or (b) shall be delayed until the reduction under section 9 has been applied, and

(d) where a field of petroleum or natural gas has been delimited, and where, in the opinion of the minister, there is no adequate market for it, the annual rental for all or part of the location of a lease is \$3.75/ha.

(2) Seismic work done in areas of coincident locations of leases shall not be accepted to reduce the rental for a lease.

(3) Except for the purposes of subsection (1) (d), no reduction in the rental for a lease shall be obtainable for any year after the 10th anniversary date of the issue of the lease.

(4) Subject to subsection (1) (d), every application for a reduction of rental under this section shall be accompanied by an affidavit of expenditure or estimated expenditure made for work done, and the requirements for an affidavit and the undertaking, set out in section 52 (3) (a) and (b) of the Act, are applicable to work done under this section.

Excess work

9. All or part of the recorded work done on the location of a permit from which the location of a lease has been selected, in excess of the work required under sections 4 and 5 and of the amount of work that can be used under section 53 of the Act, shall, at the request of the applicant for or lessee under a lease, be deemed to be done under and

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during the first 2 years of the term of the lease, and the value of that work may be applied in satisfaction of rental for the first 2 years of the term of the lease at a maximum annual rate of \$5.50/ha.

Miscellaneous fees

10. The following fees are payable:
 - (a) for recording a transfer, assignment, agreement or other instrument affecting title to a location, \$50 for each title location affected;
 - (b) for recording a change of name or amalgamation certificate, \$10 for each title affected;
 - (c) for recording or cancelling an assignment under the Bank Act, \$10 for each title affected;
 - (d) for recording, amending or cancelling a notice to group, pooling agreement or mutual boundary agreement, \$25 for each title affected;
 - (e) for recording or cancelling any instrument or document not referred to in paragraphs (a), (b), (c) or (d), \$10 for each title affected;
 - (f) for the preparation and issuance of a title search letter, \$5;
 - (g) for the visual examination of records, or the provision of any other service for which no fee is prescribed, \$25 per hour;
 - (h) for a copy of or extract from a record, 50¢ per page;
 - (i) for certifying a copy of or extract from a record, \$2 for the first page and 25¢ for each additional page.

[Provisions of the Petroleum and Natural Gas Act applicable to the enactment of this regulation: sections 41, 45, 52 and 68]

