The government of Canada's surveying system divided and distributed land as the country expanded farther west. Prairie agricultural lands were measured off into square townships of six sections by six: 36 sections in all, each section totalling 640 acres (about 259 hectares). Each section was then divided into four equal parts called quarter-sections. (See the diagram on the next page.)

The odd-numbered sections in the township were reserved for government use — these were called Crown lands. Of these, two sections in each township were set aside for schools. Other sections were set aside for the railways. An additional belt of land (about 15 km around the railway) was reserved as railway land. Homesteaders usually wanted to be as near as possible to the railway for delivery of crops, supplies, and equipment.

The Dominion Lands Act (1872) established how prairie homesteads would be settled. Homesteads were the even-numbered sections in a township, reserved for settlement. The exception to this rule was the land reserved for the Hudson's Bay Company. Under the terms of the purchase of Rupert's Land (1869), Canada had agreed to set aside two sections of land in each township for the Hudson's Bay Company.

A homestead consisted of a quarter section (160 acres or 64 hectares). A settler could lay claim to his or her land after paying a $10 fee to the Government of Canada, and promising to live there and work the land for three years. After three years, if the authorities decided that enough progress had been made on the land, the settler received clear title to the land (ownership). To obtain this, the settler had to have built a house, cleared a certain area, and harvested crops on a certain portion of the land. Once the homesteaders owned the land, they had the right to purchase up to an additional 640 acres (an entire section).

In order to permit larger farms as the West was developed, in 1908 the government allowed settlers to purchase land for $3 an acre in areas not taken by the railways.
This chart shows how each section was numbered in a township. A township is about 9.7 kilometres in length and in width. Each numbered section is divided into four equal quarter-sections.