

(Renewal or exchange of a lease bearing a royalty rate other than 5%)



Evanston 022405

## RENTAL AND ROYALTIES

Rentals.—To pay the lessor in advance an annual rental of \$1 per acre prior to a discovery of oil or gas on the leased lands. **To and including October 15, 1959, the royalties to be paid hereunder shall be computed and paid on the basis of the royalties prescribed in the original lease.**

Minimum royalty.—To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

Royalty on production.—To pay the lessor the following royalty on production removed or sold from the leased lands:

(1) A royalty of 12-1/2 percent on the production removed or sold from—

- (a) Land determined by the Director, Geological Survey, not to be within the productive limits of any oil or gas deposit on August 8, 1946;
- (b) An oil or gas deposit which was discovered after May 27, 1941, by a well or wells drilled on the leased land and which is determined by the Director, Geological Survey, to be a new deposit; or
- (c) Allocated to the lease pursuant to an approved unit or cooperative agreement from an oil or gas deposit which was discovered on unitized land after May 27, 1941, and determined by the Director, Geological Survey, to be a new deposit, but only if at the time of discovery the lease was committed to the agreement or was included in a duly executed and filed application for approval of the agreement.

(2) On production of oil removed or sold from lands not subject to subsection (1) hereof

(a) For all oil produced of 30° Baume or over:

On that portion of the average production per well not exceeding 20 barrels per day for the calendar month . . . . .	12-1/2 per cent.
On that portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the calendar month . . . . .	16-2/3 per cent.
On that portion of the average production per well of more than 50 barrels and not more than 100 barrels per day for the calendar month . . . . .	20 per cent.
On that portion of the average production per well of more than 100 barrels and not more than 200 barrels per day for the calendar month . . . . .	25 per cent.
On that portion of the average production per well of more than 200 barrels per day for the calendar month . . . . .	33-1/3 per cent.

(b) For all oil produced of less than 30° Baume:

On that portion of the average production per well not exceeding 20 barrels per day for the calendar month . . . . .	12-1/2 per cent.
On that portion of the average production per well of more than 20 barrels and not more than 50 barrels per day for the calendar month . . . . .	14-2/7 per cent.
On that portion of the average production per well of more than 50 barrels and not more than 100 barrels per day for the calendar month . . . . .	16-2/3 per cent.
On that portion of the average production per well of more than 100 barrels and not more than 200 barrels per day for the calendar month . . . . .	20 per cent.
On that portion of the average production per well of more than 200 barrels per day for the calendar month . . . . .	25 per cent.

(over)