

(e) *Royalties*.—To pay the lessor royalties, as follows, on the amount or value of all production from the leased lands (except that portion thereof used for production purposes on said lands or unavoidably lost):

(1) When the price of oil used in computing royalty value is \$1 or more per barrel, the per centum of royalty shall be as follows:

not over
over 50 but not over

50,	the calendar month in barrels per well per day is	13	The royalty payable to the lessor
60,	the royalty shall be 12.5 percent;	14	under this lease shall be 12½ percent
70,	" " " "	15	on the amount or value of all produc-
80,	" " " "	16	tion removed or sold from the leased
90,	" " " "	17	land, but in no event shall such royal-
110,	" " " "	18	ty be less than \$1 per acre per annum,
130,	" " " "	19	payable at the end of each year, com-
150,	" " " "	20	encing with the lease year beginning
200,	" " " "	21	on or after the discovery on such lease.
250,	" " " "	22	The provisions of section 2(d) and (e)
300,	" " " "	23	inconsistent with the above provision
350,	" " " "	24	are void.
400,	" " " "	25	
XXX	" " " "		

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(2) When the price of oil used in computing royalty value is less than \$1 per barrel, the per centum of royalty shall be the forgoing multiplied by the ratio of said price to a price of \$1 per barrel: *Provided, however,* That the per centum of royalty shall never be less than 12.5.

(3). If the United States shall take its royalty in oil, the price received by the lessee, as well as that received by the lessor shall be considered in determining the price to govern the per centum of royalty, unless both prices are \$1 or more per barrel.

(4) On gas, including inflammable gas, helium, carbon dioxide and all other natural gases and mixtures thereof, and on natural or casing-head gasoline and other liquid products obtained from gas:

When the average production of gas per well per day for the calendar month does not exceed 5,000,000 cubic feet, 12½ percent; and when said production of gas exceeds 5,000,000 cubic feet, 16½ percent of the amount or value of the gas and liquid products produced, said amount or value of such liquid products to be net after an allowance for the cost of manufacture: *Provided*, That the allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior, and that said value of gas and of liquid products shall be as determined by said Secretary.

The average production per well per day for oil and for gas shall be determined under rules and regulations approved by the Secretary of the Interior.

(5) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum prices for purposes of computing royalty in value on any or all oil, gas, natural gasoline, and other liquid products obtained from gas; and that in no case shall the price so established be less than the estimated reasonable value of the product, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices and to other relevant matters.