

(Renewal or exchange
of a 5% lease)

Wyoming 089719

386

SCHEDULE "C"

RENTALS 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. *NAB*
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

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, where a flat royalty rate of 5 percent was fixed in the original lease:

When the average production for the calendar month in barrels per well per day is—

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| not over 110, the royalty shall be 12.5 percent; |
| over 110 but not over 130, " " " " 18 " |
| " 130 " " 150, " " " " 19 " |
| " 150 " " 200, " " " " 20 " |
| " 200 " " 250, " " " " 21 " |
| " 250 " " 300, " " " " 22 " |
| " 300 " " 350, " " " " 23 " |
| " 350 " " 400, " " " " 24 " |
| over 400, " " " " 25 " |

✓(3) On gas, including inflammable gas, helium, carbon dioxide, and all other natural gases and mixtures thereof, and on natural or casinghead 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, 12-1/2 percent; and when the production of gas exceeds 5,000,000 cubic feet, 16-2/3 percent of the amount or value of the gas and liquid products produced.

The average production per well day for oil and for gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. 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.

INT.-DUP SEC. WASH., D.C.
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