

Regulations governing the leasing of restricted allotted Indian lands of mining purposes : (not applicable to the Five Civilized Tribes or Osage Nation).

Contributors

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REGULATIONS GOVERNING THE LEASING OF RESTRICTED ALLOTTED INDIAN LANDS FOR MINING PURPOSES

(Not applicable to the Five Civilized Tribes or Osage Nation)



A provision in the act of March 3, 1909 (35 Stat. 781, 783), reads:

That all lands allotted to Indians in severalty, except allotments made to members of the Five Civilized Tribes and Osage Indians in Oklahoma, may by said allottee be leased for mining purposes for any term of years as may be deemed advisable by the Secretary of the Interior; and the Secretary of the Interior is hereby authorized to perform any and all acts and make such rules and regulations as may be necessary for the purpose of carrying the provisions of this paragraph into full force and effect.

1. To carry this provision of law into effect the following regulations are prescribed:

The term "officer in charge" herein refers to the superintendent or other officer of the Indian Service or of the Government who may have jurisdiction over the allotments involved. Allotments of lands are regarded as made when approved by the Secretary of the Interior and trust patents have issued.

2. No lease, assignment thereof, or interest therein will be approved to any employee or employees of the United States Government whether connected with the Indian Service or otherwise, and no employee of the Interior Department shall be permitted to acquire any interest in such leases by ownership of stock in corporations having leases or in any other manner.

3. At such times and in such manner as he may deem appropriate, the officer in charge shall publish notices that oil and gas leases on specific tracts, each of which shall be in a compact body, will be offered to the highest responsible bidder for a bonus consideration, in addition to stipulated royalties. The successful bidder must deposit with the officer in charge on the day of sale a certified check or bank draft on a solvent bank in an amount equal to 20 per cent of the bid as a guaranty of good faith. Balance of bonus shall be paid and lease in completed form shall be filed within 30 days after the lease is forwarded to the lessee by the officer in charge for execution. If the successful bidder fails to complete the lease or pay the full consideration within said 30 days, or if the lease is disapproved through no fault of the lessor or the Interior Department, the amount deposited will be forfeited for the use and benefit of the Indian allottee, in the discretion of the Secretary of the Interior.

The right is reserved by the Secretary of the Interior to reject any and all bids and to disapprove and reject any lease made on an accepted bid; and should any bid be rejected after deposit is made by bidder, the deposit shall be immediately returned.



4. The officer in charge shall execute leases on behalf of incompetent and minor allottees.

5. Leases for minerals other than oil and gas shall be negotiated with the Indian allottee whose lands are sought to be leased after permission so to do has first been obtained from the officer in charge, and, with the papers required, shall be filed with the officer in charge within 30 days from and after the date of execution: *Provided*, That no such lease on lands of incompetent and minor allottees shall be made until competitive bids have been invited therefor by advertising for at least two weeks in two or more papers of general circulation in the vicinity; but if a minor is interested with competent adults in inherited lands, and such adults agree respecting a lease, the officer in charge may sign for the minor without advertising. The minor's age and date of birth must be shown whenever possible. The successful bidder for lands advertised shall pay the cost of advertisement.

6. If the applicant for a lease is a corporation it shall file evidence of authority of its officers to execute papers, and with its first application it shall also file:

(I) A certified copy of its articles of incorporation, and, if foreign to the State in which the lands are located, evidence showing compliance with the corporation laws thereof.

(II) Lists of officers and stockholders with post-office addresses and number of shares held by each.

(III) A sworn statement of the proper officer showing:

(a) The total number of shares of the capital stock actually issued and the amount of cash paid into the treasury on each share sold; or, if paid in property, the kind, quantity, and value of the same paid per share.

(b) Of the stock sold, how much remains unpaid, and subject to assessment.

(c) The amount of cash the company has in its treasury and elsewhere, and from what sources it was received.

(d) The property, exclusive of cash, owned by the company and its value.

(e) The total indebtedness of the company and the nature of its obligations.

7. Statements of changes in officers and stockholders shall be furnished by a corporation lessee to the officer in charge on January 1 of each year, and at such other times as may be requested. Affidavits may also be required of individual stockholders at any time, setting forth in what corporations or with what persons, firms, or associations such individual stockholders are interested in mining leases of restricted Indian lands within the State, and whether they hold such interests for themselves or in trust.

8. Except to prevent loss or waste, leases of undivided, inherited lands will be approved only when accompanied by proof that the lessors are the only heirs of the deceased allottee. Heirship must be established in accordance with the act of June 25, 1910 (36 Stat. 855), and the regulations prescribed thereunder. If the heirs have already been so determined, the officer in charge, when forwarding the lease, shall refer to the date and file number of Indian Office letter notifying him of such determination. If the heirs include a life

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tenant, the lease must be accompanied by an agreement between such life tenant and the remainder men, providing for the division of the rents and royalties, subject to approval of the Secretary of the Interior.

If the heirs to an allotment are undetermined or can not be located, and it appears necessary to lease the land to prevent loss or waste, the officer in charge will report the facts to the Commissioner of Indian Affairs and ask for instructions.

9. Lessees shall furnish with each lease a bond (Form 5-154b), with two or more personal sureties, or with an acceptable company authorized to act as sole surety. Such bond shall be in amount as follows: For less than 80 acres, \$1,000; for 80 acres and less than 120 acres, \$1,500; for 120 acres and not more than 160 acres, \$2,000; and for each additional 40 acres or part thereof above 160 acres, \$500: *Provided*, That a lessee may file one bond (Form 5-154f), in the sum of \$15,000, covering all leases of a particular class on any one reservation to which he is or may become a party. The right is reserved at any time, before or after approval of a lease, to increase the amount of a bond above the sum named in any case where the Secretary of the Interior deems it proper to do so.

10. The officer in charge may, either before or after approval of a lease, call for any additional information desired to carry out these regulations. If a lessee shall fail to furnish the papers necessary to put his lease and bond in proper form for consideration, the officer in charge shall forward such lease for disapproval.

11. Oil and gas mining leases shall be made for a period of 10 years from the date of approval by the Secretary of the Interior and as much longer thereafter as oil, gas, casing-head gas, or any one of them, is produced in paying quantities, or the gas royalties for wells capable of producing gas in paying quantities, but not utilized are paid or as much longer thereafter as lessee is engaged in completing the drilling of a well commenced during the 10-year term, provided such drilling is prosecuted to completion of the well with due diligence, and if such drilling operations result in the finding of any one of the substances covered by the lease, then the lease shall remain in force as long as such substance is produced in paying quantities: *Provided*, Should lessee be unable to market the production from the leased land, he may, with the consent of the Secretary of the Interior, discontinue the operation of the producing wells thereon, and the lease shall remain in force notwithstanding such cessation of operations: *Provided further*, That if, while the lease is being held by production alone, the well or wells thereon shall cease to produce for any cause, lessee, with the consent of the Secretary of the Interior, shall have the period of 120 days from the stopping of production within which, at his election, to commence operations for the drilling of another well, deepen an existing well or wells, or otherwise to attempt to restore the production of such existing well or wells, and if such work is so commenced and prosecuted with reasonable diligence, and production of any such substance results therefrom, the lease shall remain in force as long thereafter as such substance is produced in paying quantities.

Leases for other minerals shall be for a period of 15 years.

12. No individual, corporation, partnership, company, or association shall hold under leases for mining purposes restricted Indian

lands in any one State in excess of the following areas, exclusive of holdings in the Five Civilized Tribes and the Osage Nation:

(a) On deposits of the nature of lodes or veins, containing ores of gold, silver, copper, lead, zinc, or other useful metals, not more than 640 acres.

(b) For beds of placer gold, gypsum, asphaltum, phosphate, iron, ores, or other useful minerals other than coal, oil, and gas, not more than 960 acres.

(c) For coal, oil, or gas, not more than 4,800 acres, except that in the State of Oklahoma there is no limitation to the number of acres any lessee may acquire, by lease or assignment, for oil or gas mining purposes.

RENTS AND ROYALTIES

13. All rents, royalties, and other payment due under leases which have been or may be approved by the Secretary of the Interior shall be paid to the officer in charge, or to such other person as may be designated by the Secretary of the Interior, for the benefit of the various lessors. No credit will be given any lessee for rents or royalties paid direct to the lessors or their representatives.

14. Lessee shall pay on each oil and gas lease annually in advance, commencing from the date of approval by the Secretary of the Interior, and continuing until lessee shall have drilled a producing well, royalties as follows: Fifteen cents per acre per annum for the first and second years; 30 cents per acre per annum for the third and fourth years; 75 cents per acre per annum for the fifth year; and \$1 per acre per annum for each succeeding year during the term of the lease. Such payments shall be made until the royalties on production exceed the advance royalty: *Provided*, That should the producing well or wells on the leased land cease to produce during the fixed term of the lease, then at the next succeeding advance royalty paying day the lessee shall resume the payment of advance royalty.

Advance annual royalties at the rates above prescribed shall also be paid on leases for minerals other than oil and gas.

Payments of advance royalty shall be a credit on stipulated royalties for the year for which the payment of advance royalty is made, and the sums of money so paid shall not be refunded to the lessee because of any subsequent surrender or cancellation of the lease, nor shall the lessee be relieved from the obligation to pay said advance royalty annually when it becomes due by reason of any subsequent surrender or cancellation of the lease.

The advance royalty for the first year shall be paid to the officer in charge at the time of filing the lease, and the amounts so paid shall be and become the property of the lessor if the lease be disapproved because of the lessee's failure to meet the requirements of the law or these regulations, or because of any other fault or defect chargeable to the lessee.

15. The minimum rate of royalty on oil shall be $12\frac{1}{2}$ per cent of the gross proceeds of all crude oil extracted from the leased premises, payment to be made at the time of sale or removal of the oil, and in no event shall such royalty be paid on the basis of less than the posted market price for oil of like quality, grade, and gravity in the particular oil field of which the lease is a part the day the oil is run

to the pipe line or into permanent storage. If a difference obtains in the price posted in said field for oil of the like quality, grade, and gravity, the average posted price of purchasers taking 50 per cent or more thereof shall be the basis for the payment of said royalties. Settlement shall be made on the 15th day of each month for royalties accruing during the preceding calendar month: *Provided*, if pipe-line connections with the lease or other facilities for the marketing of the production therefrom are not available to the lessee he may, with the consent of the Secretary of the Interior, store the oil and defer settlement for royalties until such pipe-line connections are secured or until such other facilities for the marketing of the production from the lease are obtained.

In time of war or other public emergency any of the executive departments of the United States Government shall have the option to purchase at the highest posted market price on the date of sale all or any part of the oil produced under any lease.

16. The royalty on gas, whether it shall be gas from which the casing-head gasoline has been extracted or otherwise, shall be $12\frac{1}{2}$ per cent of the value thereof in the field where produced: *Provided*, That where wells produce both oil and gas or oil and gas and water to such an extent that the gas is unfit for ordinary domestic purposes but is used temporarily in connection with drilling and pumping operations on adjacent or near-by tracts, the lessee shall pay royalty at the rate of $12\frac{1}{2}$ per cent of the gross proceeds of the sale of gas from such wells. Failure on the part of the lessee to use a gas-producing well which can not profitably be utilized at the rate herein named shall not work a forfeiture of the lease so far as it relates to mining oil, but if the lessee desires to retain gas-producing privileges he shall pay a rental of \$100 per annum in advance, calculated from the date of the discovery of gas on each gas-producing well, the gas from which is not marketed nor utilized other than for operations under the lease. If the leased premises produce gas in excess of lessee's requirements for the development and operation of said premises, then lessor may use sufficient gas free of charge for all stoves and inside lights in the principal dwelling house on said land by making his own connection with the well or wells thereon, the use of such gas to be at lessor's risk at all times.

On casing-head gas used or sold for the manufacture of casing-head gasoline the rate of royalty shall be $12\frac{1}{2}$ per cent of the value of the casing-head gas, which value shall be determined and computed on the basis and in the manner provided in the regulations governing the utilization of casing-head gas produced from oil wells on restricted Indian lands.

In cases where gas produced and sold has a value for drip gasoline, casing-head gasoline content, and as dry gas from which the casing-head gasoline has been extracted, then the royalties above provided shall be paid on all such values.

Evidence of discovery of gas wells and the beginning of utilization must be furnished promptly in the form of a sworn statement.

Payments of annual gas royalties shall be made within 25 days from the date such royalties become due, other royalty payments to be made monthly on or before the 25th day of the month succeeding

that for which such payment is to be made, supported by sworn statements.

The capacity of wells shall be ascertained, under the direction of the Secretary of the Interior, when necessary under the terms of the lease to determine the amount of royalty to be collected.

Except in cases of emergency, which shall not exceed 10 days, not more than 20 per cent of the capacity of any gas well shall be utilized.

17. The royalty on coal shall not be less than 10 cents per ton of 2,000 pounds on mine run, or coal as it is taken from the mines, including what is commonly called "slack."

18. The royalty on asphaltum shall be not less than 10 cents per ton of 2,000 pounds on crude asphalt or 60 cents per ton on refined asphalt.

19. For gold, silver, copper, lead, zinc, and tungsten the lessee shall pay quarterly a royalty of not less than 10 per cent, to be computed on the gross value of the ores as shown by reduction returns after deducting freight and treatment charges.

20. For substances other than gold, silver, copper, lead, zinc, tungsten, coal, asphaltum and allied substances, oil, and gas the lessee shall pay quarterly a royalty of not less than 10 per cent of the value at the nearest shipping point.

21. With the consent of the officer in charge, lessees may make arrangements with the purchasers of oil for the payment of the royalties to the officer in charge by such purchasers, but such arrangement, if made, shall not operate to relieve a lessee from responsibility should the purchaser fail or refuse to pay royalties when due. Where lessees avail themselves of this privilege, division orders permitting the pipe-line companies or other purchasers of the oil to withhold the royalty interest shall be executed and forwarded to the officer in charge for approval before wells are brought in, as pipe-line companies are not permitted to accept or run oil from leased Indian lands until after the approval of a division order showing that the lessee has a lease regularly approved and in effect. The right is reserved to cancel a division order at any time or require the pipe-line company to discontinue to run the oil of any lessee who fails to operate the lease properly or otherwise violates the provisions of the lease or of these regulations.

22. Royalty payments on leases other than oil and gas shall be made monthly, on or before the 25th day of the month succeeding that for which such payment is to be made.

23. A sworn report of the lessee shall accompany each royalty remittance, covering all operations, whether there has been production or not, except that where division orders have been approved and the royalty paid by the pipe-line company or other purchaser of oil lessees need not make monthly reports direct. All leases upon which there is no production or upon which dry holes have been drilled may be included in one report.

24. Separate quarterly reports for each lease, whether or not oil royalty is paid by the pipe-line company or other purchaser, shall be submitted by the lessee to the officer in charge within 15 days after March 31, June 30, September 30, and December 31 of each year, upon prescribed forms, showing manner of operation, total

production, and all receipts during the quarter from any operations under the lease for the benefit of the lessor or the lessee, or both, giving amount of each payment, name of person making same, and nature of the operations from which the money paid was derived. Sworn reports of gas wells shall be made both when discovered and when utilized.

STIPULATIONS

25. The lessee under any lease heretofore approved may, by stipulation, with the consent of the lessor and the approval of the Secretary of the Interior, make such approved lease subject to all the terms, conditions, and provisions contained in these regulations and in the lease form authorized and adopted in pursuance thereof. Form 5-154I shall be used for this purpose.

ASSIGNMENTS

26. (a) Leases hereafter approved, or any interest therein, may be assigned or transferred only with the approval of the Secretary of the Interior, and to procure such approval the assignee must be qualified to hold such lease under existing rules and regulations, and shall furnish a satisfactory bond for the faithful performance of the covenants and conditions thereof.

(b) No lease or any interest therein or the use of such lease shall be assigned, sublet, or transferred, directly or indirectly, by working or drilling contract, or otherwise, without the consent of the Secretary of the Interior.

(c) Assignments of leases and stipulations modifying the terms of existing leases shall be filed with the officer in charge within 30 days after the date of execution.

CANCELLATIONS

27. A lease will be canceled by the Secretary of the Interior for good cause upon application of the lessor or lessee, or if at any time the Secretary is satisfied that the provisions of the lease or of any regulations heretofore or hereafter prescribed have been violated. When the lessee applies for cancellation he must, before the same will be considered, pay a surrender fee of \$1 and all royalties and rents due to the date of completion of such application, surrender all parts of the lease actually delivered to him, and furnish a duly recorded release of the acreage covered by the application if the lease thereon has been recorded: *Provided*, That where the application is made by an assignee to whom no copy of the lease was delivered he will be required to surrender only his copy of the assignment.

If the lease is owned in undivided interests by more than one person, firm, or corporation all shall join in the application for cancellation.

All required fees and papers must be at least in the mail on or before the date upon which rents and royalties become due in order for the lessee and his surety to be relieved from liability for the payment thereof.

No part of any advance royalties or annual rentals shall be refunded to the lessee, nor shall he be relieved from his obligation to pay royalties and rentals annually when due by reason of any subsequent surrender or cancellation of the lease. Upon cancellation of a lease the lessor shall be entitled to take immediate possession of the land.

OPERATIONS

28. Lessees will be required to carry out and observe the regulations now or hereafter in force governing oil and gas operations on restricted Indian lands. Operations will not be permitted under any lease requiring approval of the Secretary of the Interior until the approved lease has been delivered. If there has been a contest respecting a lease or leases, the approved, disapproved, or canceled parts thereof will be held in the office of the officer in charge for five days after promulgation by him, by mailing or delivery of the department's decision, and will not be delivered if within that period a motion for review or reconsideration be filed until such motion is passed upon by the department.

29. Lessee shall commence the drilling of a test well on the land covered by the lease within one year from the approval thereof by the Secretary of the Interior, or, in lieu thereof, beginning one year from such approval, pay the officer in charge in advance an annual rental of \$1 per acre, such payments to continue throughout the 10-year term, or until the drilling of said test well is commenced, or the lease is surrendered in the manner provided therein. The completion of a well or wells producing oil, gas, or casing-head gas in paying quantities shall terminate lessee's obligation to pay rentals thereunder during the producing life of such well or wells: *Provided*, That should the producing well or wells on the land cease to produce during the fixed term of the lease, or a test well come in dry during said period, then at the next succeeding annual rental paying day, lessee shall resume the payments of rental, unless prior thereto he has commenced the drilling of another test, or has surrendered the lease.

The lessee may be required by the Secretary of the Interior, or by such officer as he may designate for the purpose, to drill and operate wells to offset paying wells on adjoining tracts and within 300 feet of the dividing line, except that where the well or wells to be offset are paying gas wells, the lessee shall be relieved of his obligation to drill upon payment of a sum equivalent to the gas royalty stipulated for in the lease, and for such purpose the open-flow capacity and the use to which the offset well is devoted shall be the criterion to determine the lessee's royalty obligation.

30. Lessees shall agree to allow the lessors and their agents or any authorized representative of the Interior Department to enter, from time to time, upon and into all parts of the leased premises for the purposes of inspection, and shall further agree to keep a full and correct account of all operations and make reports thereof, as herein required, and their books and records showing manner of operations and persons interested shall be open at all times for examination of such officers of the department as shall be instructed in writing by the Secretary of the Interior to make such examination.

31. Oil shall not be sold to a pipe-line company until division order is filed as hereinbefore provided. Should the lessee desire to sell oil or remove it from the leased premises in any other manner, such sale or removal shall not be made until authorized by the officer in charge. Lessee or his representative shall actually be present when oil taken under division orders is run by pipe-line companies, and lessee shall be responsible for the correct measurement and report of oil so run; otherwise the approval of division order may be revoked.

LAND FROM WHICH RESTRICTIONS HAVE BEEN OR MAY BE REMOVED

32. All leases of any description whatever executed by an allottee on land from all of which the restrictions against alienation had been removed before such execution may be executed without any provision for reference to or supervision by the Secretary of the Interior or any official of the Department of the Interior; and the officer in charge shall refuse to accept for consideration any lease covering land from all of which restrictions had been removed before such execution.

33. All leases executed before the removal of restrictions against alienation on land from all of which restrictions against alienation shall be removed after such execution, if such leases contain specific provision for approval by the Secretary of the Interior, whether now filed with the department or presented for consideration hereafter, will be considered and acted upon by this department as heretofore.

34. Oil and gas leases heretofore approved and leases for other minerals now or hereafter in force on land from all of which restrictions against alienation have been or shall be removed, even if such leases contain provisions authorizing supervision by this department, shall, after such removal of restrictions against alienation, be operated entirely free from such supervision, and the authority and power delegated to the Secretary of the Interior in said leases shall cease, and all payments required to be made to the officer in charge shall thereafter be made to lessor or the then owner of said land; and changes in regulations thereafter made by the Secretary of the Interior applicable to oil and gas leases shall not apply to such leased land from which said restrictions are removed.

In the event restrictions are removed from a part of the land included in any lease to which this section applies the entire lease shall continue subject to the supervision of the Secretary of the Interior, and all royalties thereunder shall be paid to the officer in charge until such time as the lessor and lessee shall furnish the Secretary of the Interior satisfactory information that adequate arrangements have been made to account for the oil, gas, or mineral upon the restricted land separately from that upon the unrestricted. Thereafter the restricted land only shall be subject to the supervision of the Secretary of the Interior, provided that the unrestricted portion shall be relieved from such supervision as in the lease or regulations provided.

35. All oil and gas leases hereafter executed shall contain the following relinquishment of supervision clause and terms operative after such relinquishment:

Should the Secretary of the Interior, at any time during the life of this instrument, relinquish supervision hereof as to all or part of the acreage covered hereby, such relinquishment shall not bind lessee until lessor shall have given lessee 30 days' written notice of such relinquishment, accompanied by a certificate of the officer in charge, officially evidencing such relinquishment. Until said requirements are fulfilled, lessee may continue to make all payments due hereunder, whether royalties, advance royalties, or rentals, to the officer in charge, who, for these purposes, shall be deemed the lawful agent of lessor and his successors in title to receive said payments and distribute same. After notice and proof of relinquishment have been received by lessee, as herein provided, this lease shall be subject to the following further conditions:

(a) All royalties, advance royalties, and rentals for deferred drilling operations thereafter accruing shall be paid in the following manner: Royalties shall be paid to lessor or his successors in title, or to a trustee appointed under the provisions of paragraph 9 hereof, at the time, in the manner, and subject to the conditions hereinbefore set out respecting the payment of such royalties to the officer in charge. Advance royalties and rentals for deferred drilling operations shall be paid directly to lessor or his successors in title, or to said trustee, as the case may be, or, at lessee's election, the same may be mailed or delivered to _____ bank of _____

_____ for deposit to the credit of lessor, his successors in title, or said trustee, which bank or its successors is hereby made the lawful agent of lessor or his successors in title, or said trustee, to receive and distribute said payments, and said bank or its successors shall continue as such agent during the period that advance royalties and rentals are payable hereunder, regardless of any change in the ownership of said land or of said advance royalties or rentals. All payments called for in this paragraph may be made by lessee's check or bank draft, and the mailing of same, postage prepaid, on or before the due date of the particular installment represented by such check or draft, shall prevent a forfeiture under the provisions of paragraph II hereof.

(b) After such relinquishment of supervision this lease may be assigned, in whole or in part, without the approval of the Secretary of the Interior and without the consent of lessor, the assignee, or assignees, to enjoy all the rights and privileges hereinbefore specifically granted assignees hereof.

(c) If at the time supervision hereof is relinquished lessee shall have made all payments then due hereunder and shall have fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance hereof, on file in the Indian Office, shall be of no further force or effect.

(d) After such relinquishment this instrument shall no longer be subject to the supervisory regulations of the Secretary of the Interior, and the power of the Secretary of the Interior to prescribe regulations of this character shall not be transferred to nor vested in lessor, and all the acts herein provided to be done and performed by the lessee with the consent or on the approval of the Secretary may be done or performed by the lessee without such consent or approval and without limitation or condition.

(e) Should such relinquishment affect part of the acreage hereof only, then lessee may continue to drill and operate the land covered hereby as an entirety: *Provided*, Lessee shall pay to the officer in charge for the benefit of lessor such proportion of all royalties, advance royalties, and rentals due hereunder as the acreage retained under the supervision of the Secretary of the Interior bears to the entire acreage of the lease, the remainder of such royalties, advance royalties, and rentals to be paid directly to lessor or his successors in title, or said trustee, as the case may be, as provided in subdivision (a) of this paragraph.

After the removal of restrictions or relinquishment of jurisdiction by the Secretary of the Interior this lease can only be forfeited on the following grounds: (a) For failure to pay an advance royalty as provided herein; (b) for failure to pay a rental for deferred drilling operations as provided herein; (c) for failure to drill an offset well to a paying well on adjoining premises when required hereunder, or, in lieu thereof, in the case of an offset gas well, to pay the gas royalties herein provided for. The existence of any one of the above grounds of forfeiture shall be determined in an appropriate action in a court of equity, and the lessee shall have the right to avoid such forfeiture by complying with the conditions violated within 30 days from the final judicial

decree of forfeiture. If this lease be producing when a decree of forfeiture is made, such forfeiture shall relate only to the undrilled portions of the lease.

Should the fee to said land be divided into separate parcels, held by different owners, or should the royalty or rental interests hereunder be so divided in ownership, after the execution of this lease and after the Secretary of the Interior relinquishes supervision hereof, the obligations of lessee hereunder shall not be added to or changed in any manner whatsoever. Notwithstanding such separate ownership, lessee may continue to drill and operate said premises as an entirety: *Provided*, Each separate owner shall receive such proportion of all royalties, advance royalties, and rentals accruing after the vesting of his title as the acreage of the fee, or royalty or rental interest, bears to the entire acreage covered by the lease: *Provided further*, That if at any time after departmental supervision hereof is relinquished, in whole or in part, there shall be four or more parties entitled to advance royalties, rentals, or royalties hereunder, whether said parties are so entitled by virtue of undivided interests or by virtue of ownership of separate parcels of the land covered hereby, lessee, at his election, may withhold the payment of further rentals, advance royalty, or royalties (except as to the portion due the Indian lessor while under restriction) until all of said parties shall agree upon and designate in writing and in a recordable instrument a trustee to receive all payments due hereunder on behalf of said parties and their respective successors in title. Payment to said trustee shall constitute lawful payment hereunder, and the sole risk of an improper or unlawful distribution of said funds by said trustee shall rest upon the parties naming said trustee and their respective successors in title.

36. Should the removal of restrictions affect only part of the acreage covered by an oil-and-gas lease containing provisions to the effect that the royalties accruing under the lease, where the fee is divided into separate parcels, shall be paid to each owner in the proportion which his acreage bears to the entire acreage covered by the lease, the lessee or assignee of such unrestricted portion will be required to make the reports required by these regulations and the operating regulations with respect to the beginning of drilling operations, completion of wells, and production, the same as if the restrictions had not been removed. In the event the unrestricted portion of the leased premises is producing, the owners of the lease thereon will be required to pay the portion of the royalties due the Indian lessor at the time and in the manner specified by these regulations.

FEES

37. In accordance with the provisions of the act of February 14, 1920 (41 Stat. L. 408-415), a fee of \$5 is hereby required upon approval of each lease, sublease, or assignment. This fee shall be paid at the time of filing the lease, sublease, or assignment, and will be refunded in case the instrument is disapproved.

FORMS

38. The forms prescribed for use in connection with these regulations are designated as follows, and may be obtained from the officer in charge at a cost of 10 cents each:

- 5-154. Lease for minerals, other than oil and gas.
- 5-154b. Bond.
- 5-154d. Authority of officers to execute papers.
- 5-154e. Assignment.
- 5-154f. \$15,000 collective bond.

- 5-154g. Affidavit of personal surety to accompany bonds.
 5-154h. Oil-and-gas lease.
 5-154i. Stipulation modifying terms of oil-and-gas mining lease.

DEPARTMENT OF THE INTERIOR,
 OFFICE OF INDIAN AFFAIRS,

June 10, 1925.

The foregoing regulations are respectfully submitted to the Secretary of the Interior with recommendation that they be approved.

CHAS. H. BURKE,

Commissioner of Indian Affairs.

Approved July 7, 1925.

JOHN H. EDWARDS,

Assistant Secretary.

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37. In accordance with the provisions of the act of February 14, 1920 (41 Stat. 1294-1295), a fee of \$5 is hereby required upon approval of each lease, sublease, or assignment. This fee shall be paid at the time of filing the lease, sublease, or assignment, and will be refunded in case the instrument is disapproved.

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38. The forms prescribed for use in connection with these regulations are designated as follows, and may be obtained from the office in charge at a cost of 10 cents each:

5-154. Lease for minerals, other than oil and gas.

5-155. Bond.

5-156. Affidavit of officers to execute papers.

5-157. Assignment.

5-158. \$15000 collective bond.