

at the time of sale or removal of the oil; and the lessee shall pay as royalty in advance on each gas producing well utilized, otherwise than as provided herein, where the capacity is tested at three million cubic feet or less per day of twenty four hours, one hundred and fifty dollars per annum, and where the capacity is more than three million cubic feet per day fifty dollars for each additional million cubic feet or major fraction thereof. The lessee shall have the free use of gas for domestic purposes in his residence on the leased premises, provided there be surplus gas produced on said premises over and above enough to fully operate the same. Failure on the part of the lessee to use a gas producing well which cannot profitably be utilized at the rate herein prescribed, shall not work a forfeiture of this lease so far as the same relates to mining oil, but if the lessee decides to retain gas producing privileges, lessee shall pay a rental of fifty dollars per annum in advance on each gas producing well, gas from which is not marketed or not utilized otherwise than for operations under this lease, the first payment to be made due and to be made within thirty days from the date of the discovery of gas.

B. Until a producing well is completed on said premises the lessee shall pay or cause to be paid, to the said agent for lessee, as advance annual royalty on this lease, fifteen cents per acre per annum, annually in advance, for the first and second years; thirty cents per acre per annum, annually, in advance, for the third and fourth years; and seventy five cents per annum, annually, in advance, for the fifth year; it being understood and agreed that said sums of money so paid shall be a credit on the stipulated royalties.

4. The lessee shall exercise diligence in sinking wells for oil and natural gas on land covered by this lease, and drill at least one well thereon within twelve months from the date of the approval of this lease by the Secretary of the Interior, and on failure so to do the lease becomes null and void. Provided, however, there is