

T. 22 N. R. 10 E. Secs. 1, 2, 3, 4, 9, 10, 12, 13 and 15.

T. 22 N. R. 11 E., Secs. 1 to 18 inclusive.

T. 22 N. R. 12 E., Fr. Secs. 3, Secs. 4 to 9 inclusive, Fr. Secs. 10 and 15,  
Secs. 16, 17, 18-

and containing 165,760 acres, more or less, with the exclusive right to extract, pipe and remove gas.

2. (a) The lessee agrees to pay or cause to be paid to the Superintendent of the Osage Indian Agency, at Pawhuska, Oklahoma, for the lessor, as royalty, the sum of 16 2/3 per cent of the value of said gas at the well determined as hereinafter provided, after first deducting the gas used for fuel in drilling and operating the lease by either the gas or oil lessee; settlement of royalty to be made monthly and the accounting shall be on the basis on the supply as shown by meters approved by the Secretary of the Interior, to be installed at the expense of the lessee at such place as may be determined by the Inspector with the approval of the Superintendent. The basis for measurement of gas sold shall be ten ounces above atmospheric pressure, to which basis, all gas shall be reduced by computation no matter at what pressure it may have been actually measured. Beginning March 17, 1916, and until September 17th, 1921, the basis of value on which royalty shall be paid shall be 18 cents per thousand cubic feet, and the basis on which royalties shall be paid for each five year period thereafter during the full term of this lease shall be the value of said gas at the well which shall be determined by the Secretary of the Interior and approved by the President.

(b) It is understood and agreed that should the price basis on which royalty shall be paid be increased for any such five year period as provided in the foregoing paragraph, the lessee shall have thirty days from date of receipt of notice of such modified royalty basis within which to elect either to accept the same or to surrender the lease; and should the lessee fail or neglect to notify the Superintendent within thirty days of his election, such failure or neglect shall be understood and taken to indicate the election of the lessee to continue the lease and to pay royalty on the modified basis for the ensuing five year period. Should the price basis on which royalty shall be paid not be increased for any such five year period, the lessee agrees that this lease shall continue in full force and effect.

(c) All contracts for the sale of gas for industrial or commercial purposes, and sworn statements showing terms, conditions and schedules of prices contained in contracts with domestic consumers shall be subject to the approval of the Secretary of the Interior, but pending action thereon the lessee shall be privileged to furnish gas thereunder and is in accordance with terms thereof, and in the sales and disposition of said gas by lessee preference right shall at all times be given to domestic consumers of the lessee within an area fixed by the Secretary of the Interior, and all contracts for industrial use of gas shall contain a clause to the effect that the Secretary of the Interior may suspend contracts for the industrial use of gas upon the expiration of thirty days notice and that the Superintendent shall have authority to suspend immediately the furnishings of gas to industrial consumers when he is of opinion that such gas is needed for domestic consumers; Provided and it is expressly agreed, that this paragraph shall not apply to contracts for the sale or disposition of gas by the lessee to The Caney Pipe Line Company and that nothing herein or elsewhere in this lease or in any regulations now in force or which may hereafter be prescribed by the Secretary of the Interior shall be construed to prevent or in any manner restrict or abridge the right of the lessee to sell or dispose of all or any part of the gas produced hereunder to said The Caney Pipe Line Company and to give it full preference right to the use thereof to the exclusion of any or all other classes of consumers.

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COMPALED BY