

WAC 332-12-310 Annual rental or minimum royalty. (1) The department shall require payment of not less than one dollar twenty-five cents per acre per year in annual rental. The lessee shall pay the first year's annual rental upon execution of the lease and pay a like rental in advance each year the lease remains in force: Provided, That at any time the lease starts production, a minimum royalty of five dollars per acre per year shall replace the annual rental and shall be credited against production royalties. Minimum royalties shall be paid at the end of the lease year in which production starts and annually at the end of the lease year for the remainder of the term. When the production royalty is greater than the minimum royalty paid during any lease year, the lessee shall pay, in addition to the minimum royalty, the difference between the minimum royalty and the production royalties. Minimum royalties paid during the term of the lease are nonrefundable and nontransferable.

(2) On lands which the state owns less than entire fee simple mineral rights in common tenancy (undivided interests), the lessee shall pay the department rentals and minimum royalties in the amount equal to the state's undivided mineral interest percentage in such lands.

(3) If the annual rental or minimum royalty is not paid as prescribed in the lease, the lease shall be terminated as provided by RCW 79.14.090.

[Statutory Authority: RCW 79.14.120. WSR 86-07-027 (Order 472), § 332-12-310, filed 3/13/86. Statutory Authority: RCW 43.30.150(6). WSR 83-07-039 (Order 393, Resolution No. 409), § 332-12-310, filed 3/16/83. Statutory Authority: RCW 79.14.120. WSR 82-23-053 (Order 387), § 332-12-310, filed 11/16/82.]