

**WAC 332-22-210 Geothermal resources lease—Production royalty.**

Production royalty payments on geothermal resources leases shall be payable to the department for geothermal resources produced from the lease premises. The schedule of production royalty payments and method of calculating fair market value at either the well or point of shipment shall be detailed in the lease and plan of development: Provided That production royalty rates shall be not less than the cumulative amount of;

(a) Ten percent of the gross proceeds received from the sale of such geothermal resources which are derived, generated or manufactured from the premises sufficient for commercial sales, and

(b) Ten percent of the fair market value thereof of products utilized but not sold, and

(c) Ten percent of the gross proceeds for all by-products derived from the leasehold estate.

The department reserves the right to reassess the production royalty rate at year twenty of the lease and every ten years thereafter, and adjust the rate to the then fair market value, however in no case shall the adjusted production royalty be less than the 10 percent specified in this section.

Lessee shall have the right to commingle, for the purpose of utilizing, selling or processing the products produced from the leasehold estate with products produced from other land, provided that the lessee shall efficiently meter or gauge the production from the leasehold estate in a manner approved by the state, in order to compute royalty payable on the products or by-products produced from the leasehold estate. The lessee shall furnish a sworn statement showing production for accounting periods required by the department and pay any royalties due.

[Statutory Authority: Chapter 79.12 RCW, as amended by ESB [EHB] 1277 and RCW 79.01.242. WSR 92-06-003, § 332-22-210, filed 2/20/92, effective 3/22/92.]