

CHAPTER 152.

[H. B. 230.]

LEASING OF STATE LANDS FOR PETROLEUM AND
NATURAL GAS.

AN ACT relating to the leasing and re-leasing of state lands for the mining and extraction of petroleum and natural gas, amending sections 6499, 6502, and 6502b Pierce's Code and adding thereto a new section numbered 6502c.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. That section 6499 Pierce's Code (Laws 1919 Chapter 155) be amended to read as follows:

Section 6499. No lease or re-lease shall be made by the state for any sum less than fifteen cents per acre for the first year, thirty cents per acre for the second year, forty cents per acre for the third year, fifty cents per acre for the fourth year, and sixty cents per acre for the fifth year, and each year thereafter during the term of the lease, and in addition thereto the said lease shall provide that the state shall be entitled to receive a sum not less than ten per cent of the gross value of all petroleum and natural gas extracted from the land described in the lease during the term of said lease, payable semi-annually during said term: *Provided*, That all rentals accruing during the period of actual production shall at each semi-annual royalty payment date be deducted from royalties to be paid to the state. The term "gross value" shall be interpreted to mean the value of the oil or gas at the well when produced, without deduction for expense of production. The term of any such lease shall not exceed twenty years.

Minimum price.

Royalty.

SEC. 2. That section 6502 Pierce's Code (Laws 1919 Chapter 155) be amended to read as follows:

Section 6502. All leases under the terms of this chapter shall be deemed to be void and of no effect

Land must be worked.

unless the lessee or his assigns shall commence the work of drilling or boring for petroleum oil and gas within such period as may be designated by the commissioner of public lands, not exceeding five years from and after the date of the execution of such lease: *Provided*, That such work of development shall proceed continuously and at no time cease for a greater period than ninety (90) days: *And provided further*, That whenever oil or natural gas be discovered by such work in paying quantities then no further work need be done under the terms of such lease than to mine, secure and store the same, but failure to operate after discovery of oil or natural gas in paying quantities for any period of ninety (90) consecutive days shall work a forfeiture of the lease: *Provided, however*, That if in the event of any failure to operate as continuously as herein provided, such failure to operate should be due to no fault or negligence of the lessee, or if for any sufficient reason such as market conditions, lack or failure of transportation or from other good and sufficient cause, the best interests of the State of Washington and the lessee should make desirable and expedient a temporary suspension of operation and production, then and in any such event the commissioner may from time to time grant permit or permits for such suspension of operation and production without in any way affecting the validity of the lease.

SEC. 3. That section 6502-b Pierce's Code (Laws 1919 Chapter 155) be amended to read as follows:

Section 6502-b. If, at the expiration of any such lease for the mining and extraction of petroleum or natural gas, or any renewal thereof, the lessee desires to re-lease the lands covered thereby, he may make application to the commissioner of public lands for a re-lease. Such application shall be made

within thirty days after the expiration of the lease, and shall be in writing and under oath, setting forth the character and value of all improvements existing on the land, the name and postoffice address of the owner thereof, the purpose for which he desires to re-lease the land, and such other information as the commissioner of public lands may require, and shall be accompanied with a deposit of ten dollars (\$10.00), which deposit, if the land be not leased, through the failure or refusal of the applicant to accept a lease at the rate fixed by the commissioner of public lands, shall be forfeited to the state and by the commissioner paid to the state treasurer and credited to the general fund of the state. The commissioner of public lands may, upon the filing of such application, cause the lands to be inspected by a state land inspector; and if he deems it for the best interests of the state to release said lands, he shall fix the rental value thereof, which rental value shall in no case be less than the original rental provided in this act, and, upon receipt of the first year's rental, together with the fees required by law, the commissioner of public lands shall issue to the applicant a renewal lease for any period not exceeding twenty years. The commissioner of public lands shall notify the applicant by mail, of the rental value fixed, and if, within thirty days after the date of such notice, the applicant fails or refuses to pay to the commissioner of public lands the first year's rental, together with the statutory fee for issuing a lease, the application shall be rejected and the applicant thereunder permitted to remove such improvements from the land as may be removed without injury thereto, within ninety days from such rejection; the commissioner of public lands may cause such of the improvements remaining as in his judgment will add value to the land for leasing purposes to be appraised, in the

Removal of
improve-
ments.

same manner as in the case of the sale of land, offer the land for lease at public auction to the highest bidder, as provided for original leases, and if the successful bidder be not the owner of the improvements, he shall deposit with the officer making the sale the appraised value of the improvements. The amount so deposited as the appraised value of the improvements, together with the first year's rental and the fees required by law, shall be transmitted to the commissioner of public lands, and upon confirmation of the lease by the commissioner of public lands, the amount so deposited in payment for the improvements shall be disposed of by the commissioner of public lands in the same manner as in the case of the sale of the land: *Provided*, That no bid shall be received for less than the minimum price fixed by the commissioner of public lands.

SEC. 4. That a new section be added to Pierce's Code to be numbered 6502c to read as follows:

Surrender of existing lease and lieu lease issued.

Section 6502c. The owner and holder of any lease for the mining and extraction of petroleum and natural gas issued under any law heretofore existing shall have the right within ninety days after this act takes effect to surrender such lease to the commissioner of public lands and have issued to him in lieu thereof a lease under the provisions of this act upon complying with the terms hereof, in which event all unearned rental paid on the surrendered lease shall apply in full toward rental on the lease issued in lieu thereof.

When act takes effect.

SEC. 5. This act shall not take effect unless and until the Congress of the United States shall have passed an act consenting to and permitting the leasing of lands the title to which had passed to and vested in the State of Washington, because not known to contain deposits of minerals, oil, oil shale, or gas, at the date of the admission of the state

into the Union, or when such title is held to have otherwise attached, pursuant to the enabling act approved February 22, 1889, and acts amendatory thereof, for the development and mining of such deposits of mineral, oil, oil shale or gas, for such terms as the Legislature of the State of Washington may prescribe not exceeding twenty years, and said act shall have been approved or shall become a law.

Passed the House March 4, 1921.

Passed the Senate March 8, 1921.

Approved by the Governor March 19, 1921.

CHAPTER 153.

[H. B. 231.]

AGRICULTURAL AND VEGETABLE SEEDS.

AN ACT relating to agricultural and vegetable seeds, providing for the licensing of dealers therein, prescribing penalties, and amending sections 5, 7, 9, 10, 13, 14 and 16 of chapter 183 of the laws of 1919.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. That section 5 of chapter 183 of the laws of 1919 be amended to read as follows:

Section 5. No person shall sell, offer or expose for sale or distribution for the purposes of seeding, in packages of one pound or more, any seeds of clovers (*trifolium*), alfalfa (*medicago sativa*), wheat (*triticum*), barley (*hordeum*), rye (*secale cereale*), oats (*avena sativa*), bromo grass (*bromus inermis*), meadow fescue (*festuca pratensis*), tall oat grass (*arrhenatherum avenae*), orchard grass (*dactylis glomerata*), perennial rye grass (*lolium perenne*), Italian rye grass (*lolium italicum*), timothy (*phleum pratense*), red top (*agrostis alba*), in or from any

Packages,
how marked.