

## Division of Royalties — Who Gets What?

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**§ 12.01. Introduction.**

The royalty clause is the most important clause for the lessor; it is the principal compensation they receive for leasing their property. It can also be one of the most difficult clauses to determine and calculate in terms of who receives what amount. Factors such as the particular laws of the state, the wording of the clauses, and whether or not the well is within a unit, all play a part in determining how to divide royalties amongst landowners. The paragraphs that follow will discuss how title issues, the apportionment rule versus the nonapportionment rule, unitization and pooling provisions, entireties clauses, estates issues and other issues affect the division of royalties.

**§ 12.02. Royalty Basics.**

**[1] — Minimum Royalty.**

Historically, the payment of royalties for oil and gas received different treatment. Royalties on oil were paid “in kind”; the royalty owner received