

353.220 Nature of agreement.

A consolidation agreement, within the provisions of KRS 353.210 to 353.230, is an agreement which provides for the consolidation of an oil and gas lease, or some portion thereof, with some other oil and gas lease or leases, or portions thereof, so that the oil and gas leases or portions thereof embraced in such agreement shall be operated and developed for oil and gas purposes as one (1) unit lease, and all royalties which may accrue from production on such consolidated area shall be treated as an entirety and shall be divided among and paid to the owners (or their lawful representatives) of the royalties in such area upon an acreage basis, so that each shall receive a share of such royalties calculated upon the basis of the ratio between each owner's interest in royalty and the entire interest in the royalties embraced in the consolidated area.

History: Created 1944 Ky. Acts ch. 71, sec. 2.