

Table of contents

Part I. Introduction to royalty interests

1. The essential elements of a royalty interest
2. The characterisation of a royalty interest
3. How a royalty interest comes into existence
4. The concessionary interests
5. The produced petroleum
6. The subject interest
7. The royalty rate
8. The economic balance of the royalty interest
9. The form of execution of a royalty agreement
10. Mineral interest royalties

Part II. The economic underpinning of royalty interests

1. The royalty in kind
2. The cash royalty
3. The gross overriding royalty (GOR)

4. The net profit interest (NPI)
5. Upstream petroleum granting instrument royalties

Part III. Basic elements of a royalty agreement

1. Ambit
2. Audit and inspection
3. Boilerplate provisions
4. Duration
5. Information provision
6. Governing law and dispute resolution
7. Performance, breach and liability
8. Production covenants
9. Production indemnities
10. Relationship with the JOA
11. Statements and payment mechanics
12. Taxation allocation
13. Transfers
14. Warranties

Part IV. Additional provisions in a royalty agreement

1. Collateral support
2. Conversion rights
3. Expropriation protection
4. Fiduciary duties
5. Force majeure
6. Insurance
7. Management of competing interests
8. Pooling and unitisation
9. Redemption rights
10. Registration
11. Replacement upstream petroleum granting instruments
12. Suspension rights

Part V: Related arrangements

- 1. Royalty-repaid carry costs**
- 2. Payout arrangements**
- 3. Volumetric production payments**
- 4. Illustrative agreement participation**