

487

used in its capacity as such operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, materials, and appurtenances. At any time within the next ensuing three (3) months any equipment, materials, and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

SUCCESSOR UNIT OPERATOR

5. Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; Provided, That, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director. If no successor Unit Operator is selected and qualified as herein provided, the Director at his election may declare this unit agreement terminated.

UNIT OPERATING AGREEMENT

6. If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit operating agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." No