

COVENANTS RUN WITH LAND

18. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary.

SURRENDER

19. Nothing in this agreement contained shall be construed as in any way preventing or prohibiting the exercise by any working interest owner of all or any of the rights of surrender which such working interest owner may have or acquire under any of its oil and gas leases, operating agreements, or other agreements, as to all ~~of any~~ part of the lands covered hereby, and such rights of surrender are specifically reserved; provided, however, that no such leases, operating agreements or other agreements shall be surrendered to the lessor unless and until the lands covered thereby are eliminated from the unit area as provided in section 2 hereof.

In the event of such surrender of operating rights the remaining working interest owners shall be entitled to such rights of way, easements, and other surface privileges over and upon the lands affected by such surrender as are authorized by law and are reasonably necessary for the conduct of operations on lands not surrendered.

EFFECTIVE DATE AND TERM

20. This agreement shall become effective upon approval by the Secretary and shall terminate five (5) years from such date unless (a) such date of expiration is extended by the Director, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized