

shall be paid by the owners thereof. Taxes on the interests in production of the working interest owners and on the equipment and facilities used in operations shall be handled by the working interest owners as may be agreed upon among them.

CONSERVATION

15. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to State or Federal law or regulation.

DRAINAGE

16. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor.

LEASES AND CONTRACTS CONFORMED TO AGREEMENT

17. The parties hereto holding interests in leases embracing unitized land of the United States consent that the Secretary of the Interior, hereinafter called Secretary, may, and the Secretary by his approval of this agreement does, establish, alter, change, or revoke the drilling, producing, rental minimum royalty and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

The parties hereto holding interests in leases embracing unitized lands of the State of Wyoming consent that the Board of Land Commissioners of the State of Wyoming shall, and the said Board of Land Commissioners by its approval of this agreement does, establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect, and such leases shall continue in force beyond their respective terms during the life of this agreement.