

time desire to release and surrender such leases or options in accordance with the provisions of Section 19 below.

In the event of the final approval of the Federal unit plan and the drilling of the test well prescribed thereby, as herein provided, Second Party shall be under no obligation to release and surrender to First Parties any interest in lands included in such unit, and such lands shall thereafter be controlled by the provisions of the unit agreement. In the event that a Federal unit plan is not approved, Second Parties shall be under no obligation to release or assign to First Parties any interest in 30,000 acres of land described in Exhibit A surrounding such Nugget test well. With respect to the acreage listed in Exhibit A and not included in any government approved unit surrounding such well, or if no unit is approved not included in said 30,000 acres around such well, Second Party may continue to hold all such acreage if, in the second year after the completion of the first Nugget test well or prior to such second year, the Second Party, on any of the lands described in Exhibit A, drills or causes to be drilled either (a) a second well to a depth sufficient to test the Nugget sandstone formation or to a depth of ten thousand (10,000) feet, whichever may be lesser, unless oil or gas in commercial quantities below five thousand (5,000) feet be encountered, or unless granite or some impenetrable substance or other condition is encountered which makes further drilling impracticable, or (b) two wells to thirty-five hundred (3500) feet or to such lesser depth as may be productive of oil or gas in commercial quantities.

3. If the Second Party does not select an area or areas under Paragraph 5B-1 hereof, or does not obligate