

EXHIBIT " B "

ACCOUNTING PROCEDURE

279

KINTZEL BLUE PRINT CO., 134 N. CENTER, CASPER, WYOMING

Attached to and made a part of the Joint Operating Agreement dated November 2, 1956 by and between Belco Petroleum Corporation (operator) and David C. Bintliff, Bruce Anderson and Richard L. Peterson (non-operators).
The term "joint property" as herein used shall be construed to mean the subject area covered by the agreement to which this "Accounting Procedure" is attached.

The term "Operator" as herein used shall be construed to mean the party designated to conduct the development and operation of the leased premises for the joint account.

The term "Non-operator" as herein used shall be construed to mean any one or more of the non-operating parties.

The Operator shall bill the Non-operator on or before the last day of each month for Non-operator's proportionate share of costs and expenditures, less proper credits for any miscellaneous income received for the joint account during the preceding calendar month. Unless otherwise agreed between Operator and Non-operator, itemized statements reflecting all pertinent information, including complete detail of material ordinarily considered controllable by operators of oil and gas properties, shall accompany such bills. Operator's monthly billing to Non-operator shall reflect credit for any amount advanced to cover development and operating costs for the particular calendar month; and if the amount advanced was in excess of the actual expenditure made, Operator's billing shall be accompanied by check to refund the credit balance reflected. If actual expenditures exceed the amount advanced, each party shall pay such party's proportionate share of such deficit within fifteen days after the receipt of billing. If payment is not made within such time, the unpaid balance shall bear interest at the rate of 6 per cent per annum until paid. Payment of any such bill shall not prejudice the right of any party to protest or question the correctness thereof.

Operator shall have and be entitled to a prior lien on all the rights and interests of Non-operator in said joint properties, the production therefrom, and the material and equipment thereon, to secure the payment by Non-operator of Non-operator's proportion of costs, charges, and expenses of developing and operating the joint property as herein provided.

Operator shall keep accurate logs of all wells drilled on the joint property, which logs shall be available at all reasonable times for inspection by Non-operator. Upon request by Non-operator, Operator shall furnish Non-operator with copies of said logs, samples of cores and cuttings of formations encountered, and monthly progress reports relative to the development and operation of the joint property, together with any other information which may be reasonably requested pertaining to such wells.

Non-operator shall have access to the joint property, and to all books and records pertaining to said joint operation for the purpose of inspection at all reasonable times.

I. DEVELOPMENT AND OPERATING CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the joint account with the following items:

1. Delay or other rentals, when such rentals are paid by the Operator for the joint account.
2. Labor, teaming, and other services necessary for the development, maintenance, and operation of the joint property.
3. Material, equipment, and supplies purchased, or furnished by Operator, for the use of the joint account. So far as it is reasonably practical and consistent with efficient and economical operation, only such material shall be purchased for or transferred to the joint account as required for immediate use, and the accumulation of any stocks on the joint property shall be avoided.
4. Moving material to the joint property from Vendor's Warehouse or from other property of the Operator; but, in the latter event, the distance charged to the joint property shall not exceed the distance from the nearest reliable supply store or railway receiving point, except by special agreement with Non-operator.
5. Moving surplus material from the joint account to Vendees, if sold f.o.b. destination, and minor returns to Operator's other property. No charge shall be made to the joint account for moving major surplus material to Operator's other property, except by special agreement with Non-operator.
6. Use of and service by Operator's exclusively-owned equipment and utilities at rates not exceeding those prevailing in the district where the joint property is located unless definitely stated under Section II, "Basis of Charges to Joint Account."
7. Damages or losses incurred by fire, flood, storm, or other accidental or natural causes, and not recompensed by insurance.
8. All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the joint interests, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the joint account or the subject matter of this agreement; actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the joint account or the subject matter of this agreement.
 - A. If a majority of the interests hereunder shall so agree, actions or claims affecting the joint interests hereunder may be handled by the legal staff of one or more of the parties hereto, and a charge commensurate with the services rendered may be made against the joint account, but no such charge shall be made until approved by the legal department of or attorneys for the respective parties hereto.
 - B. Fees and expenses of outside attorneys shall not be charged to the joint account unless authorized by the majority of the interests hereunder.
9. All taxes of every kind and nature assessed upon or in connection with the properties which are the subject of this agreement, the production therefrom or the operation thereof, and which taxes have been paid by the operator for the benefit of the parties hereto.
10. Insurance:
 - A. Premiums for workmen's compensation, contractor's public liability and employers' liability insurance on the joint account operations, and/or public liability and property damage insurance on jointly-owned automotive equipment operated for the joint property, if any such insurance is carried or required to be carried for the joint account; together with all expenditures incurred and paid in settlement of claims or judgments not recovered from the insurance carrier to fully discharge all liability of Operator ensuing from an accident occurring on or in connection with operations for the benefit of the joint account.
 - B. If no insurance is carried or required to be carried on any or all of the above or other risks, all actual expenditures incurred and paid by the Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses including legal services shall be charged to the joint account.
11. ~~A proportionate share of the salaries and expenses of Operator's district superintendent and other general district or field employees serving the joint property, whose time is not allocated directly to the joint property, and a proportionate share of maintaining and operating a district office and all necessary camps, housing facilities for employees, and boarding employees, if necessary, in conducting the operations on the joint property and other leases owned and operated by Operator in the same locality; such charges to be apportioned to all leases served in the ratios of direct labor payroll charges or on some other equitable basis consistent with Operator's accounting practice. The expense of, less any revenue from, these facilities shall include depreciation or a fair monthly rental in lieu of depreciation on the investment.~~

CB
BA
RLP
SJS