

1 is situated in a participating area is unwarranted, production from such 1  
2 well shall, for the purposes of settlement among all parties other than 2  
3 working interest owners, be allocated to the land on which the well is 3  
4 located so long as such land is not within a participating area estab- 4  
5 lished for the pool or deposit from which such production is obtained. 5  
6 Settlement for working interest benefits from such a well shall be made 6  
7 as provided in the unit operating agreement. 7

8 12. ALLOCATION OF PRODUCTION. All unitized substances produced 8  
9 from each participating area established under this agreement, except 9  
10 any part thereof used in conformity with good operating practices within 10  
11 the unitized area for drilling, operating, camp and other production or 11  
12 development purposes, for repressuring or recycling in accordance with a 12  
13 plan of development approved by the Supervisor, or unavoidably lost, 13  
14 shall be deemed to be produced equally on an acreage basis from the 14  
15 several tracts of unitized land of the participating area established 15  
16 for such production and, for the purpose of determining any benefits 16  
17 accruing under this agreement, each such tract of unitized land shall 17  
18 have allocated to it such percentage of said production as the number of 18  
19 acres of such tract included in said participating area bears to the 19  
20 total acres of unitized land in said participating area, except that 20  
21 allocation of production hereunder for purposes other than for settlement 21  
22 of the royalty, overriding royalty, or payment out of production obli- 22  
23 gations of the respective working interest owners, shall be on the basis 23  
24 prescribed in the unit operating agreement whether in conformity with the 24  
25 basis of allocation herein set forth or otherwise. It is hereby agreed 25  
26 that production of unitized substances from a participating area shall 26  
27 be allocated as provided herein regardless of whether any wells are 27  
28 drilled on any particular part or tract of said participating area. 28  
29 If any gas produced from one participating area is used for repressuring 29  
30 or recycling purposes in another participating area, the first gas with- 30  
31 drawn from such last-mentioned participating area for sale during the 31  
32 life of this agreement shall be considered to be the gas so transferred 32