

1           13. DEVELOPMENT OR OPERATION OF NON-  
2 PARTICIPATING LAND OR FORMATIONS. Any party hereto  
3 owning or controlling the working interest in any unitized land  
4 having thereon a regular well location may with the approval of  
5 the Supervisor, at such party's sole risk, costs, and expense,  
6 drill a well to test any formation for which a participating area has  
7 not been established or to test any formation for which a participat-  
8 ing area has been established if such location is not within said  
9 participating area, unless within 90 days of receipt of notice from  
10 said party of his intention to drill the well the Unit Operator elects  
11 and commences to drill such a well in like manner as other wells  
12 are drilled by the Unit Operator under this agreement.

13           If any well drilled as aforesaid by a Working Interest Owner  
14 results in production such that the land upon which it is situated  
15 may properly be included in a participating area, such participating  
16 area shall be established or enlarged as provided in this agreement  
17 and the well shall thereafter be operated by the Unit Operator in  
18 accordance with the terms of this agreement and the Unit Operating  
19 Agreement.

20           If any well drilled as aforesaid by a Working Interest  
21 Owner obtains production in quantities insufficient to justify the  
22 inclusion in a participating area of the land upon which such well  
23 is situated, such well may be operated and produced by the party  
24 drilling the same subject to the conservation requirements of this  
25 agreement. The royalties in amount or value of production from  
26 any such well shall be paid as specified in the underlying lease and  
27 agreements affected.

28           14. ROYALTY SETTLEMENT. The United States and any  
29 State and all royalty owners who, under existing contract, are  
30 entitled to take in kind a share of the substances now unitized here-  
31 under produced from any tract, shall hereafter be entitled to the  
32 right to take in kind their share of the unitized substances allocated