

1 the reasons therefor, and the proposed effective date thereof,
 2 preferably the first day of a month subsequent to the date of
 3 notice.

4 (b) Said notice shall be delivered to the Supervisor,
 5 and copies thereof mailed to the last known address of each
 6 Working Interest Owner, lessee, and lessor whose interests are
 7 affected, advising that 30 days will be allowed for submission to
 8 the Unit Operator of any objections.

9 (c) Upon expiration of the 30-day period provided in the
 10 preceding item (b) hereof, Unit Operator shall file with the
 11 Supervisor evidence of mailing of the notice of expansion or con-
 12 traction and a copy of any objections thereto which have been
 13 filed with the Unit Operator, together with an application in suf-
 14 ficient number, for approval of such expansion or contraction and
 15 with appropriate joinders.

16 (d) After due consideration of all pertinent information,
 17 the expansion or contraction shall, upon approval by the Director,
 18 become effective as of the date prescribed in the notice thereof.

19 (e) All legal subdivisions of unitized lands (i.e., 40
 20 acres by Government survey or its nearest lot or tract equivalent
 21 in instances of irregular surveys, however, unusually large lots
 22 or tracts shall be considered in multiples of 40 acres, or the
 23 nearest aliquot equivalent thereof, for the purpose of elimination
 24 under this subsection), no parts of which are entitled to be in a
 25 participating area within 5 years after the first day of the month
 26 following the effective date of the first initial participating area
 27 established under this Unit Agreement, shall be eliminated
 28 automatically from this agreement, effective as of the first day
 29 thereafter, and such lands shall no longer be a part of the Unit
 30 Area and shall no longer be subject to this agreement, unless at
 31 the expiration of said 5-year period diligent drilling operations
 32 are in progress on unitized lands not entitled to participation, in