

1 on such effective date a well is being drilled conformably with
2 the terms hereof, and thereafter continue such drilling diligently
3 to the top of the Hilliard formation or until at a lesser depth
4 unitized substances shall be discovered which can be produced in
5 paying quantities (to wit: quantities sufficient to repay the cost
6 of drilling, and producing operations, with a reasonable profit)
7 or the Unit Operator shall at any time establish to the satisfaction
8 of the Supervisor that further drilling of said well would be un-
9 warranted or impracticable, provided, however, that Unit Operator
10 shall not in any event be required to drill said well to a depth in
11 excess of 8000 feet. Until the discovery of a deposit of unitized
12 substances capable of being produced in paying quantities, the
13 Unit Operator shall continue drilling diligently one well at a
14 time, allowing not more than 6 months between the completion of
15 one well and the beginning of the next well, until a well capable
16 of producing unitized substances in paying quantities is completed
17 to the satisfaction of said Supervisor or until it is reasonably
18 proved that the unitized land is incapable of producing unitized
19 substances in paying quantities in the formations drilled hereunder.
20 Nothing in this section shall be deemed to limit the right of the
21 Unit Operator to resign as provided in Section 5 hereof, or as re-
22 quiring Unit Operator to commence or continue any drilling
23 during the period pending such resignation becoming effective
24 in order to comply with the requirements of this section. The
25 Director may modify the drilling requirements of this section by
26 granting reasonable extensions of time when, in his opinion, such
27 action is warranted.

28 Upon failure to comply with the drilling provisions of
29 this section, the Director may, after reasonable notice to the
30 Unit Operator, and each Working Interest Owner, lessee, and
31 lessor at their last known addresses, declare this Unit Agreement
32 terminated.