

1 quantities (to wit: quantities sufficient to repay the costs
2 of drilling, and producing operations, with a reasonable
3 profit) or the Unit Operator shall at any time establish to
4 the satisfaction of the Supervisor that further drilling of
5 said well would be unwarranted or impracticable, provided,
6 however, that Unit Operator shall not in any event be
7 required to drill said well to a depth in excess of 11,000
8 feet. Until the discovery of a deposit of unitized sub-
9 stances capable of being produced in paying quantities, the
10 Unit Operator shall continue drilling diligently one well
11 at a time, allowing not more than 6 months between the com-
12 pletion of one well and the beginning of the next well, until
13 a well capable of producing unitized substances in paying
14 quantities is completed to the satisfaction of said Super-
15 visor or until it is reasonably proved that the unitized
16 land is incapable of producing unitized substances in paying
17 quantities in the formations drilled hereunder. Nothing in
18 this section shall be deemed to limit the right of the Unit
19 Operator to resign as provided in Section 5 hereof, or as
20 requiring Unit Operator to commence or continue any drilling
21 during the period pending such resignation becoming effective
22 in order to comply with the requirements of this section.
23 The Director may modify the drilling requirements of this
24 section by granting reasonable extensions of time when, in
25 his opinion, such action is warranted.

26 Upon failure to comply with the drilling provisions of
27 this section, the Director may, after reasonable notice to
28 the Unit Operator, and each working interest owner, lessee,
29 and lessor at their last known addresses, declare this
30 unit agreement terminated.