

1 independent contracts, and such other rights and obligations as between 1
2 Unit Operator and the working interest owners as may be agreed upon by 2
3 Unit Operator and the working interest owners; however, no such unit 3
4 operating agreement shall be deemed either to modify any of the terms 4
5 and conditions of this unit agreement or to relieve the Unit Operator of 5
6 any right or obligation established under this unit agreement, and in 6
7 case of any inconsistency or conflict between the unit agreement and the 7
8 unit operating agreement, this unit agreement shall prevail. Three 8
9 true copies of any unit operating agreement executed pursuant to this 9
10 section should be filed with the Supervisor, prior to approval of this 10
11 unit agreement. 11

12 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise 12
13 specifically provided herein, the exclusive right, privilege, and duty 13
14 of exercising any and all rights of the parties hereto which are neces- 14
15 sary or convenient for prospecting for, producing, storing, allocating, 15
16 and distributing the unitized substances are hereby delegated to and 16
17 shall be exercised by the Unit Operator as herein provided. Acceptable 17
18 evidence of title to said rights shall be deposited with said Unit 18
19 Operator and, together with this agreement, shall constitute and define 19
20 the rights, privileges, and obligations of Unit Operator. Nothing 20
21 herein, however, shall be construed to transfer title to any land or to 21
22 any lease or operating agreement, it being understood that under this 22
23 agreement the Unit Operator, in its capacity as Unit Operator, shall 23
24 exercise the rights of possession and use vested in the parties hereto 24
25 only for the purposes herein specified. 25

26 9. DRILLING TO DISCOVERY. Within 6 months after the effective 26
27 date hereof, the Unit Operator shall begin to drill an adequate test 27
28 well at a location approved by the Supervisor, unless on such effective 28
29 date a well is being drilled conformably with the terms hereof, and 29
30 thereafter continue such drilling diligently until 500 feet of the Mesa- 30
31 verde formation has been tested or until at a lesser depth unitized 31
32 substances shall be discovered which can be produced in paying 32