

1 operating regulations and paid in value or delivered in kind as to all 1
2 unitized substances on the basis of the amounts thereof allocated to 2
3 unitized Federal land as provided herein at the rates specified in the 3
4 respective Federal leases, or at such lower rate or rates as may be 4
5 authorized by law or regulation; provided, that for leases on which the 5
6 royalty rate depends on the daily average production per well, said 6
7 average production shall be determined in accordance with the operating 7
8 regulations as though each participating area were a single consolidated 8
9 lease. 9

10 15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases 10
11 committed hereto shall be paid by working interest owners responsible there- 11
12 for under existing contracts, laws, and regulations, provided that no- 12
13 thing herein contained shall operate to relieve the lessors of any land 13
14 from their respective lease obligations for the payment of any rental or 14
15 minimum royalty in lieu thereof due under their leases. Rental or mini- 15
16 mum royalty for lands of the United States subject to this agreement shall 16
17 be paid at the rate specified in the respective leases from the United 17
18 States unless such rental or minimum royalty is waived, suspended, or 18
19 reduced by law or by approval of the Secretary or his duly authorized 19
20 representative. 20

21 With respect to any lease on non-Federal land containing provisions 21
22 which would terminate such lease unless drilling operations were within 22
23 the time therein specified commenced upon the land covered thereby or 23
24 rentals paid for the privilege of deferring such drilling operations, 24
25 the rentals required thereby shall, notwithstanding any other provision 25
26 of this agreement, be deemed to accrue and become payable during the term 26
27 thereof as extended by this agreement and until the required drilling 27
28 operations are commenced upon the land covered thereby or some portion of 28
29 such land is included within a participating area. 29

30 16. CONSERVATION. Operations hereunder and production of unitized 30
31 substances shall be conducted to provide for the most economical and ef- 31
32 ficient recovery of said substances without waste, as defined by or pur- 32
33 suant to State or Federal law or regulation. 33

34 17. DRAINAGE. The Unit Operator shall take appropriate and adequate 34