

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 lessees 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