

1 (3) Operate or provide for the operation of such land inde- 1
 2 pendently of this agreement as to any part thereof or any 2
 3 oil or gas deposits therein not then included within a par- 3
 4 ticipating area. 4

5 If the fee owner of the unitized substances does not execute this 5
 6 agreement and the unit operating agreement as a working interest owner or 6
 7 again lease such lands as above provided with respect to each existing par- 7
 8 ticipating area, within six (6) months after any such surrender or forfei- 8
 9 ture, such fee owner shall be deemed to have waived the right to execute 9
 10 the unit operating agreement or lease such lands as to each such partici- 10
 11 pating area, and to have agreed, in consideration for the compensation here- 11
 12 inafter provided, that operations hereunder as to any such participating 12
 13 area or areas shall not be affected by such surrender. 13

14 For any period the working interest in any lands are not expressly 14
 15 committed to the unit operating agreement as the result of any such surren- 15
 16 der or forfeiture, the benefits and obligations of operations accruing to 16
 17 such lands under this agreement and the unit operating agreement shall be 17
 18 shared by the remaining owners of unitized working interests in accordance 18
 19 with their respective participating working interest ownerships in any such 19
 20 participating area or areas, and such owners of working interests shall com- 20
 21 pensate the fee owner of unitized substances in such lands by paying sums 21
 22 equal to the rentals, minimum royalties, and royalties applicable to such 22
 23 lands under the lease in effect when the lands were unitized, as to such 23
 24 participating area or areas. 24

25 Upon commitment of a working interest to this agreement and the unit 25
 26 operating agreement as provided in this section, an appropriate accounting 26
 27 and settlement shall be made, to reflect the retroactive effect of the com- 27
 28 mitment, for all benefits accruing to or payments and expenditures made or 28
 29 incurred on behalf of such surrendered working interest during the period 29
 30 between the date of surrender and the date of recommitment, and payment of 30
 31 any moneys found to be owing by such an accounting shall be made as between 31
 32 the parties then signatory to the unit operating agreement and this agree- 32
 33 ment within thirty (30) days after the recommitment. The right to become a 33
 34 party to this agreement and the unit operating agreement as a working in- 34
 35 terest owner by reason of a surrender or forfeiture as provided in this 35
 36 section shall not be defeated by the nonexistence of a unit operating agree- 36
 37 ment and in the event no unit operating agreement is in existence and a 37
 38 mutually acceptable agreement between the proper parties thereto cannot be 38
 39 consummated, the Supervisor may prescribe such reasonable and equitable 39
 40 agreement as he deems warranted under the circumstances. 40

41 Nothing in this section shall be deemed to limit the right of 41
 42 joinder or subsequent joinder to this agreement as provided elsewhere in 42
 43 this agreement. The exercise of any right vested in a working interest 43
 44 owner to reassign such working interest to the party from whom obtained 44
 45 shall be subject to the same conditions as set forth in this section in 45
 46 regard to the exercise of a right to surrender. 46

47 31. TAXES. The working interest owners shall render and pay for 47
 48 their account and the account of the royalty owners all valid taxes on or 48
 49 measured by the unitized substances in and under or that may be produced, 49
 50 gathered and sold from the land subject to this contract after the effec- 50
 51 tive date of this agreement, or upon the proceeds or net proceeds derived 51
 52 therefrom. The working interest owners on each tract shall and may charge 52
 53 the proper proportion of said taxes to the royalty owners having interests 53
 54 in said tract, and may currently retain and deduct sufficient of the uni- 54
 55 tized substances or derivative products, or net proceeds thereof from the 55
 56 allocated shares of each royalty owner to secure reimbursement for the 56
 57 taxes so paid. No such taxes shall be charged to the United States or 57
 58 the State of WYOMING or to any lessor who has a con- 58
 59 tract with his lessee which requires the lessee to pay such taxes. 59

60 32. NO PARTNERSHIP. It is expressly agreed that the relation of 60
 61 the parties hereto is that of independent contractors and nothing in this 61
 62 agreement contained, expressed or implied, nor any operations conducted here- 62
 63 under, shall create or be deemed to have created a partnership or association 63
 64 between the parties hereto or any of them. 64