

1 of all obligations for development and operation with respect to 1
2 each and every part or separately owned tract subject to this 2
3 agreement, regardless of whether there is any development of any 3
4 particular part or tract of the unit area, notwithstanding any- 4
5 thing to the contrary in any lease, operating agreement or other 5
6 contract by and between the parties hereto, or their respective 6
7 predecessors in interest, or any of them. 7

8 (b) Drilling and producing operations performed hereunder upon 8
9 any tract of unitized lands will be accepted and deemed to be 9
10 performed upon and for the benefit of each and every tract of 10
11 unitized land, and no lease shall be deemed to expire by reason 11
12 of failure to drill or produce wells situated on the land there- 12
13 in embraced. 13

14 (c) Suspension of drilling or producing operations on all uni- 14
15 tized lands pursuant to direction or consent of the Secretary or 15
16 his duly authorized representative shall be deemed to constitute 16
17 such suspension pursuant to such direction or consent as to each 17
18 and every tract of unitized land. 18

19 (d) Each lease, sublease or contract relating to the exploration, 19
20 drilling, development or operation for oil or gas of lands other 20
21 than those of the United States committed to this agreement, which, 21
22 by its terms might expire prior to the termination of this agree- 22
23 ment, is hereby extended beyond any such term so provided therein 23
24 so that it shall be continued in full force and effect for and dur- 24
25 ing the term of this agreement. 25

26 (e) Any Federal lease for a fixed term of twenty (20) years or 26
27 any renewal thereof or any part of such lease which is made sub- 27
28 ject to this agreement shall continue in force beyond the term 28
29 provided therein until the termination hereof. Any other Federal 29
30 lease committed hereto shall continue in force beyond the term so 30
31 provided therein or by law as to the land committed so long as such 31
32 lease remains subject hereto, provided that production is had in 32
33 paying quantities under this unit agreement prior to the expiration 33
34 date of the term of such lease. 34

35 (f) Each sublease or contract relating to the operation and 35
36 development of unitized substances from lands of the United States 36
37 committed to this agreement, which by its terms would expire prior 37
38 to the time at which the underlying lease, as extended by the im- 38
39 mediately preceding paragraph, will expire, is hereby extended 39
40 beyond any such term so provided therein so that it shall be con- 40
41 tinued in full force and effect for and during the term of the 41
42 underlying lease as such term is herein extended. 42

43 (g) The segregation of any Federal lease committed to this agree- 43
44 ment is governed by the following provision in the fourth paragraph 44
45 of Sec. 17(b) of the Act, as amended by the Act of July 29, 1954 45
46 (68 Stat. 583, 585): "Any (Federal) lease hereafter committed to 46
47 any such (unit) plan embracing lands that are in part within and 47
48 in part outside of the area covered by any such plan shall be seg- 48
49 regated into separate leases as to the lands committed and the 49
50 lands not committed as of the effective date of unitization: 50
51 Provided, however, That any such lease as to the nonunitized 51
52 portion shall continue in force and effect for the term thereof 52
53 but for not less than two years from the date of such segregation 53
54 and so long thereafter as oil or gas is produced in paying quan- 54
55 tities." 55

56 (h) Any lease, other than a Federal lease, having only a portion 56
57 of its lands committed hereto shall be segregated as to the portion 57
58 committed and the portion not committed, and the provisions of such 58
59 lease shall apply separately to such segregated portions commencing 59
60 as of the effective date hereof. In the event any such lease pro- 60
61 vides for a lump-sum rental payment, such payment shall be prorated 61
62 between the portions so segregated in proportion to the acreage of 62
63 the respective tracts. 63