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part, i.e., fifty-two and one-half percent (52½%) of the value as of January 1, 1961, and Pan American shall thereafter own an undivided fifty-two and one-half percent (52½%) interest in all such material and equipment. The value of such equipment shall be the actual cost thereof to Belco on the date of installation, less depreciation at the rate of six and two-thirds percent (6-2/3%) per annum.

#### IV. OPERATING AGREEMENTS COVERING "P SAND" AND "MESAVERDE" RESERVOIRS

Individual Operating Agreements on the form attached hereto as Exhibit "E" shall become effective as of January 1, 1961, one to govern operations in the "P Sand" and one to govern "Mesaverde" reservoirs from and after said date. Exhibit "E-1" shall be used unchanged to cover operations in the "P Sand Reservoir" and Exhibit "E-2" shall be substituted for the first two pages of Exhibit "E-1" in the agreement covering operations in the "Mesaverde Reservoir". Belco shall use its best efforts to secure the relinquishment of any conflicting Operating Agreements insofar as they cover said reservoirs. Belco shall continue as Operator under said agreement until the first day of the month following the final acceptance and execution of this contract by both parties. Upon said date Pan American shall become Operator, subject to the terms and conditions of said Operating Agreement.

#### V. TERMINATION OF FARMOUT CONTRACTS

Upon the final acceptance and execution of this contract by both parties, Belco's obligation or obligations to drill further or additional test wells under those two formal contracts between Belco and Pan American dated April 11, 1960, and covering lands in Block "A" of the Green River Bend Unit shall be considered satisfied, and Pan American shall execute and deliver to Belco the assignments provided for by said contracts, in acknowledgement of such satisfaction of all drilling requirements. Such assignments shall be effective January 1, 1961, and shall be considered prior in time to the assignments provided for in Article VI, below.