

1 quantities and inclusion of the land on which it is situated in a participating 1
2 area is unwarranted, production from such well shall, for the purposes of 2
3 settlement among all parties other than working interest owners, be allocated to 3
4 the land on which the well is located so long as such land is not within a 4
5 participating area established for the pool or deposit from which such production 5
6 is obtained. Settlement for working interest benefits from such a well shall 6
7 be made as provided in the unit operating agreement. 7
8 12. ALLOCATION OF PRODUCTION. All unitized substances produced from 8
9 each participating area established under this agreement, except any part thereof 9
10 used in conformity with good operating practices within the unitized area for 10
11 drilling, operating, camp and other production or development purposes, for 11
12 repressuring or recycling in accordance with a plan of development approved by 12
13 the Supervisor, or unavoidably lost shall be deemed to be produced equally on 13
14 an acreage basis from the several tracts of unitized land of the participating 14
15 area established for such production and, for the purpose of determining any 15
16 benefits accruing under this agreement, each such tract of unitized land shall 16
17 have allocated to it such percentage of said production as the number of acres 17
18 of such tract included in said participating area bears to the total acres of. 18
19 unitized land in said participating area, except that allocation of production 19
20 hereunder for purposes other than for settlement of the royalty, overriding 20
21 royalty, or payment out of production obligations of the respective working 21
22 interest owners, shall be on the basis prescribed in the unit operating 22
23 agreement whether in conformity with the basis of allocation herein set forth 23
24 or otherwise. It is hereby agreed that production of unitized substances from 24
25 a participating area shall be allocated as provided herein regardless of 25
26 whether any wells are drilled on any particular part or tract of said participating 26
27 area. If any gas produced from one participating area is used for repressuring 27
28 or recycling purposes in another participating area, the first gas withdrawn 28
29 from such last-mentioned participating area for sale during the life of this 29
30 agreement shall be considered to be the gas so transferred until an amount 30
31 equal to that transferred shall be so produced for sale and such gas shall be 31
32 allocated to the participating area from which initially produced as constituted 32
33 at the time of such final production. 33