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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