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1 kind of ownership of oil and gas interests in all land in the unit area. 1
2 However, nothing herein or in said schedule or map shall be construed as 2
3 a representation by any party hereto as to the ownership of any interest 3
4 other than such interest or interests as are shown in said map or schedule 4
5 as owned by such party. Exhibits A and B shall be revised by the Unit 5
6 Operator whenever changes in the unit area render such revision necessary, 6
7 or when requested by the Oil and Gas Supervisor, hereinafter referred to 7
8 as "Supervisor" and not less than six copies of the revised exhibits shall 8
9 be filed with the Supervisor. 9

10 The above-described unit area shall when practicable be expanded to 10
11 include therein any additional tract or tracts regarded as reasonably neces- 11
12 sary or advisable for the purposes of this agreement, or shall be contracted 12
13 to exclude lands not within any participating area whenever such expansion 13
14 or contraction is necessary or advisable to conform with the purposes of 14
15 this agreement. Such expansion or contraction shall be effected in the 15
16 following manner: 16

17 (a) Unit Operator, on its own motion or on demand of the Director 17
18 of the Geological Survey, hereinafter referred to as "Director," after pre- 18
19 liminary concurrence by the Director, shall prepare a notice of proposed 19
20 expansion or contraction describing the contemplated changes in the bounda- 20
21 ries of the unit area, the reasons therefor, and the proposed effective 21
22 date thereof, preferably the first day of a month subsequent to the date 22
23 of notice. 23

24 (b) Said notice shall be delivered to the Supervisor, and copies 24
25 thereof mailed to the last known address of each working interest owner, 25
26 lessee, and lessor whose interests are affected, advising that 30 days 26
27 will be allowed for submission to the Unit Operator of any objections. 27

28 (c) Upon expiration of the 30-day period provided in the preceding 28
29 item (b) hereof, Unit Operator shall file with the Supervisor evidence of 29
30 mailing of the notice of expansion or contraction and a copy of any objec- 30
31 tions thereto which have been filed with the Unit Operator, together with 31
32 an application in sufficient number, for approval of such expansion or con- 32
33 traction and with appropriate joinders. 33

34 (d) After due consideration of all pertinent information, the ex- 34
35 pansion or contraction shall, upon approval by the Director, become effec- 35
36 tive as of the date prescribed in the notice thereof. 36

37 (e) All legal subdivisions of unitized lands (i.e., 40 acres by 37
38 Government survey or its nearest lot or tract equivalent in instances of 38
39 irregular surveys, however, unusually large lots or tracts shall be con- 39
40 sidered in multiples of 40 acres, or the nearest aliquot equivalent there- 40
41 of, for the purpose of elimination under this subsection), no parts of 41
42 which are entitled to be in a participating area within 5 years after the 42
43 first day of the month following the effective date of the first initial 43
44 participating area established under this unit agreement, shall be elimina- 44
45 ted automatically from this agreement, effective as of the first day there- 45
46 after, and such lands shall no longer be a part of the unit area and shall 46
47 no longer be subject to this agreement, unless at the expiration of said 47
48 5-year period diligent drilling operations are in progress on unitized 48
49 lands not entitled to participation, in which event all such lands shall 49
50 remain subject hereto for so long as such drilling operations are contin- 50
51 ued diligently, with not more than 90 days' time elapsing between the com- 51
52 pletion of one such well and the commencement of the next such well, except 52
53 that the time allowed between such wells shall not expire earlier than 30 53
54 days after the expiration of any period of time during which drilling opera- 54
55 tions are prevented by a matter beyond the reasonable control of unit 55
56 operator as set forth in the section hereof entitled "Unavoidable Delay"; 56
57 provided that all legal subdivisions of lands not in a participating area 57
58 and not entitled to become participating under the applicable provisions 58
59 of this agreement within 10 years after said first day of the month follow- 59
60 ing the effective date of said first initial participating area shall be 60
61 eliminated as above specified. Determination of creditable "Unavoidable 61
62 Delay" time shall be made by unit operator and subject to approval of the 62
63 Director. The unit operator shall, within 90 days after the effective 63
64 date of any elimination hereunder, describe the area so eliminated to the 64
65 satisfaction of the Director and promptly notify all parties in interest. 65