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1 the owners thereof if no such new Unit Operator is elected, to be used 1
2 for the purpose of conducting unit operations hereunder. Nothing herein 2
3 shall be construed as authorizing removal of any material, equipment and 3
4 appurtenances needed for the preservation of any wells. 4

5 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall 5
6 tender his or its resignation as Unit Operator or shall be removed as 6
7 hereinabove provided, or a change of Unit Operator is negotiated by Work- 7
8 ing Interest Owners, the owners of the working interests in the partici- 8
9 pating area or areas according to their respective acreage interests in 9
10 such participating area or areas, or, until a participating area shall 10
11 have been established, the owners of the working interests according to 11
12 their respective acreage interests in all unitized land, shall by major- 12
13 ity vote select a successor Unit Operator: Provided, That, if a major- 13
14 ity but less than 75 per cent of the working interests qualified to vote 14
15 are owned by one party to this agreement, a concurring vote of one or 15
16 more additional working interest owners shall be required to select a 16
17 new operator. Such selection shall not become effective until 17

18 (a) a Unit Operator so selected shall accept in writing the duties 18
19 and responsibilities of Unit Operator, and 19

20 (b) the selection shall have been approved by the Director. If 20
21 no successor Unit Operator is selected and qualified as herein provided, 21
22 the Director at his election may declare this unit agreement terminated. 22

23 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the 23
24 Unit Operator is not the sole owner of working interests, costs and ex- 24
25 penses incurred by Unit Operator in conducting unit operations hereunder 25
26 shall be paid and apportioned among and borne by the owners of working 26
27 interests, all in accordance with the agreement or agreements entered 27
28 into by and between the Unit Operator and the owners of working inter- 28
29 ests, whether one or more, separately or collectively. Any agreement or 29
30 agreements entered into between the working interest owners and the Unit 30
31 Operator as provided in this section, whether one or more, are herein 31
32 referred to as the "unit operating agreement." Such unit operating agree- 32
33 ment shall also provide the manner in which the working interest owners 33
34 shall be entitled to receive their respective proportionate and alloca- 34
35 ted share of the benefits accruing hereto in conformity with their under- 35
36 lying operating agreements, leases, or other independent contracts, and 36
37 such other rights and obligations as between Unit Operator and the working 37
38 interest owners as may be agreed upon by Unit Operator and the working 38
39 interest owners; however, no such unit operating agreement shall be 39
40 deemed either to modify any of the terms and conditions of this unit 40
41 agreement or to relieve the Unit Operator of any right or obligation es- 41
42 tablished under this unit agreement, and in case of any inconsistency or 42
43 conflict between the unit agreement and the unit operating agreement, 43
44 this unit agreement shall prevail. Three true copies of any unit oper- 44
45 ating agreement executed pursuant to this section should be filed with 45
46 the Supervisor, prior to approval of this unit agreement. 46

47 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise 47
48 specifically provided herein, the exclusive right, privilege, and duty of 48
49 exercising any and all rights of the parties hereto which are necessary 49
50 or convenient for prospecting for, producing, storing, allocating, and 50
51 distributing the unitized substances are hereby delegated to and shall be 51
52 exercised by the Unit Operator as herein provided. Acceptable evidence 52
53 of title to said rights shall be deposited with said Unit Operator and, 53
54 together with this agreement, shall constitute and define the rights, 54
55 privileges, and obligations of Unit Operator. Nothing herein, however, 55
56 shall be construed to transfer title to any land or to any lease or op- 56
57 erating agreement, it being understood that under this agreement the 57
58 Unit Operator, in its capacity as Unit Operator, shall exercise the rights 58
59 of possession and use vested in the parties hereto only for the purposes 59
60 herein specified. 60

61 9. DRILLING TO DISCOVERY. Within 6 months after the effective 61
62 date hereof, the Unit Operator shall begin to drill an adequate test 62
63 well at a location approved by the Supervisor, unless on such effective 63
64 date a well is being drilled conformably with the terms hereof, and 64
65 thereafter continue such drilling diligently until the upper 300' of the KMV 65
66 formation has been tested or until at a lesser depth unitized substances 66