

1 If conditions warrant extension of the 10-year period specified in 1 470
2 this subsection 2(e), a single extension of not to exceed 2 years may be 2
3 accomplished by consent of the owners of 90% of the current unitized work- 3
4 ing interests and 60% of the current unitized basic royalty interests 4
5 (exclusive of the basic royalty interests of the United States), on a 5
6 total-nonparticipating-acreage basis, respectively, with approval of the 6
7 Director, provided such extension application is submitted to the Director 7
8 not later than 60 days prior to the expiration of said 10-year period. 8

9 Any expansion of the unit area pursuant to this section which em- 9
10 braces lands theretofore eliminated pursuant to this subsection 2(e) 10
11 shall not be considered automatic commitment or recommitment of such lands. 11

12 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to 12
13 this agreement shall constitute land referred to herein as "unitized land" 13
14 or "land subject to this agreement." All oil and gas in any and all forma- 14
15 tions of the unitized land are unitized under the terms of this agreement 15
16 and herein are called "unitized substances." 16

17 4. UNIT OPERATOR. BELCO PETROLEUM CORPORATION, a corporation with a 17
18 principal office in New York, N.Y., is hereby designated as Unit Operator 18
19 and by signature hereto as Unit Operator agrees and consents to accept the 19
20 duties and obligations of Unit Operator for the discovery, development, and 20
21 production of unitized substances as herein provided. Whenever reference 21
22 is made herein to the Unit Operator, such reference means the Unit Operator 22
23 acting in that capacity and not as an owner of interest in unitized sub- 23
24 stances, and the term "working interest owner" when used herein shall in- 24
25 clude or refer to Unit Operator as the owner of a working interest when 25
26 such an interest is owned by it. 26

27 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall 27
28 have the right to resign at any time prior to the establishment of a par- 28
29 ticipating area or areas hereunder, but such resignation shall not become 29
30 effective so as to release Unit Operator from the duties and obligations 30
31 of Unit Operator and terminate Unit Operator's rights as such for a period 31
32 of 6 months after notice of intention to resign has been served by Unit 32
33 Operator on all working interest owners and the Director, and until all 33
34 wells then drilled hereunder are placed in a satisfactory condition for 34
35 suspension or abandonment whichever is required by the Supervisor, unless 35
36 a new Unit Operator shall have been selected and approved and shall have 36
37 taken over and assumed the duties and obligations of Unit Operator prior 37
38 to the expiration of said period. 38

39 Unit Operator shall have the right to resign in like manner and 39
40 subject to like limitations as above provided at any time a participating 40
41 area established hereunder is in existence, but, in all instances of resig- 41
42 nation or removal, until a successor unit operator is selected and approved 42
43 as hereinafter provided, the working interest owners shall be jointly re- 43
44 sponsible for performance of the duties of unit operator, and shall not 44
45 later than 30 days before such resignation or removal becomes effective 45
46 appoint a common agent to represent them in any action to be taken here- 46
47 under. 47

48 The resignation of Unit Operator shall not release Unit Operator 48
49 from any liability for any default by it hereunder occurring prior to the 49
50 effective date of its resignation. 50

51 The Unit Operator may, upon default or failure in the performance 51
52 of its duties or obligations hereunder, be subject to removal by the same 52
53 percentage vote of the owners of working interests determined in like 53
54 manner as herein provided for the selection of a new Unit Operator. Such 54
55 removal shall be effective upon notice thereof to the Director. 55

56 The resignation or removal of Unit Operator under this agreement 56
57 shall not terminate its right, title, or interest as the owner of a work- 57
58 ing interest or other interest in unitized substances, but upon the 58
59 resignation or removal of Unit Operator becoming effective, such Unit 59
60 Operator shall deliver possession of all equipment, materials, and appur- 60
61 tenances used in conducting the unit operations and owned by the working 61
62 interest owners to the new duly qualified successor Unit Operator or to 62