

15. CONSERVATION. Operations hereunder and production of Unitized
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2 Substances shall be conducted to provide for the most economical and ef-
3 ficient recovery of said substances without waste, as defined by or pur-
4 suant to State or Federal law or regulation.

16. DRAINAGE. The Unit Operator shall take appropriate and ade-
5 quate measures to prevent drainage of Unitized Substances from Unitized
6 Land by wells on land not subject to this agreement, or with prior con-
7 sent of the Director pursuant to applicable regulations pay a fair and
8 reasonable compensatory royalty as determined by the Supervisor.

17. GAUGE OF MERCHANTABLE OIL. Unit Operator shall make a proper
10 and timely gauge of all lease and other tanks within the Unit Area and
11 associated with the operation of Unitized Land in order to ascertain
12 the amount of merchantable oil produced from the Unitized Formation above
13 the pipeline connections in such tanks as of 7:00 a.m. on the effective
14 date hereof. All such oil shall be and remain the property of the inter-
15 est owners entitled thereto the same as if the unit had not been formed;
16 and such interest owners shall promptly remove said oil from said tanks.
17 Any such oil not promptly removed shall be sold by Unit Operator for the
18 account of such interest owners, subject to the payment of all royalty,
19 overriding royalty, and all other payments under the terms and provisions
20 of the applicable lease or other contracts.

18. LEASE AND CONTRACTS CONFORMED AND EXTENDED. The terms, condi-
22 tions, and provisions of all leases, subleases, and other contracts re-
23 lating to exploration, drilling, development, or operation for oil or
24 gas of lands committed to this agreement are hereby expressly modified
25 and amended to the extent necessary to make the same conform to the pro-
26 visions hereof, but otherwise to remain in full force and effect; and
27 the parties hereto hereby consent that the Secretary shall and by his
28 approval hereof, or by the approval hereof by his duly authorized repre-
29 sentative, does hereby establish, alter, change, or revoke the drilling,
30 producing, rental, minimum royalty, and royalty requirements of Federal
31 leases committed hereto and the regulations in respect thereto to conform
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