

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within 3 years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All oil, gas, condensate, distillate and all associated or constituent liquid or liquefiable hydrocarbons within or produced from the Fifth Zone of the Mesaverde formation of the Unit Area which are committed to this agreement, are unitized under the terms of this agreement and herein are called "Unitized Substances" and lands containing unitized substances shall constitute lands referred to herein as "Unitized Land".

The term "Unitized Formation" shall mean the Fifth Zone of the Mesaverde formation underlying the unitized land, and being identified as that source of supply as found in Belco Petroleum Corporation's BNG#55 well (located 330' East of the West line and 540' North of the South line, Section 33, Township 28 North, Range 113 West, Sublette County, Wyoming) between the log interval 1,876' through 2,034'. It is distinctly understood and agreed that only the Fifth Zone of the Mesaverde formation is subject hereto.

4. TRACTS QUALIFIED FOR UNIT PARTICIPATION. On and after the effective date hereof, the Tracts within the Unit Area which shall be entitled to participation in the production of unitized substances therefrom shall be those Tracts within the Unit Area and more particularly described in Exhibit "B" that are qualified as follows:

(a) Each Tract as to which Working Interest Owners owning one hundred per cent (100%) of the working interest have signed or ratified this agreement and the Unit Operating Agreement and Royalty Owners owning seventy-five per cent (75%) or more of the royalty interest have signed or ratified this agreement; and