

On the effective date of this agreement, and thereafter, all unitized substances produced hereunder (except any part thereof used in conformity with good operating practices for drilling, operating, camp and other production or development purposes, for pressure maintenance or secondary recovery operations in accordance with a plan of operation approved by the Supervisor, or unavoidably lost), shall be deemed to be produced from the several tracts of unitized land established for such production, and for the purpose of determining any benefits accruing under this agreement, each such tract shall have allocated to it that percentage of said production equal to its percentage participation as set out in Exhibit "C".

That amount of unitized substances allocated to each tract shall be deemed to be produced from such tract irrespective of the location of the wells from which the same is produced and regardless of depletion of wells or tracts. When two or more leases have been combined into a single tract, the percentage participation assigned to such tract shall, for all purposes, be divided among such separate leases comprising such tract in proportion to the number of surface acres in each separate lease to the acres in said tract.