

1 would terminate such lease unless drilling operations were within the time 1
2 therein specified commenced upon the land covered thereby or rentals paid for 2
3 the privilege of deferring such drilling operations, the rentals required there- 3
4 by shall, notwithstanding any other provision of this agreement, be deemed to 4
5 accrue and become payable during the term thereof as extended by this agreement 5
6 and until the required drilling operations are commenced upon the land covered 6
7 thereby or some portion of such land is included within a participating area. 7

8 16. CONSERVATION. Operations hereunder and production of unitized sub- 8
9 stances shall be conducted to provide for the most economical and efficient 9
10 recovery of said substances without waste, as defined by or pursuant to State 10
11 or Federal law or regulation. 11

12 17. DRAINAGE. The Unit Operator shall take appropriate and adequate mea- 12
13 sures to prevent drainage of unitized substances from unitized land by wells 13
14 on land not subject to this agreement, or, with prior consent of the director, 14
15 pursuant to applicable regulations pay a fair and reasonable compensatory royalty 15
16 as determined by the Supervisor. 16

17 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, 17
18 and provisions of all leases, subleases, and other contracts relating to explor- 18
19 ation, drilling, development, or operation for oil or gas of lands committed to 19
20 this agreement are hereby expressly modified and amended to the extent necessary 20
21 to make the same conform to the provisions hereof, but otherwise to remain in 21
22 full force and effect; and the parties hereto hereby consent that the Secretary 22
23 shall and by his approval hereof, or by the approval hereof by his duly authoriz- 23
24 ed representative, does hereby establish, alter, change, or revoke the drilling, 24
25 producing, rental, minimum royalty, and royalty requirements of Federal leases 25
26 committed hereto and the regulations in respect thereto to conform said require- 26
27 ments to the provisions of this agreement, and, without limiting the generality 27
28 of the foregoing, all leases, subleases, and contracts are particularly modified 28
29 in accordance with the following: 29

30 (a) The development and operation of lands subject to this agreement under 30
31 the terms hereof shall be deemed full performance of all obligations for develop- 31
32 ment and operation with respect to each and every part of separately owned tract 32
33 subject to this agreement, regardless of whether there is any development of any 33
34 particular part or tract of the unit area, notwithstanding anything to the 34