

1 and the portion not committed, and the provisions of such lease shall 1
 2 apply separately to such segregated portions commencing as of the effec- 2
 3 tive date hereof. In the event any such lease provides for a lump-sum 3
 4 rental payment, such payment shall be prorated between the portions so 4
 5 segregated in proportion to the acreage of the respective tracts. 5

6 19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to 6
 7 to be covenants running with the land with respect to the interest of the 7
 8 parties hereto and their successors in interest until this agreement termi- 8
 9 nates, and any grant, transfer, or conveyance, of interest in land or leases 9
 10 subject hereto shall be and hereby is conditioned upon the assumption of all 10
 11 privileges and obligations hereunder by the grantee, transferee, or other 11
 12 successor in interest. No assignment or transfer of any working interest, 12
 13 royalty, or other interest subject hereto shall be binding upon Unit Operator 13
 14 until the first day of the calendar month after Unit Operator is furnished 14
 15 with the original, photostatic, or certified copy of the instrument of trans- 15
 16 fer. 16

17 20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon 17
 18 approval by the Secretary or his duly authorized representative and shall 18
 19 terminate five (5) years from said effective date unless 19

20 (a) such date of expiration is extended by the Director, or 20

21 (b) it is reasonably determined prior to the expiration of the fixed 21
 22 term or any extension thereof that the unitized land is incapable of 22
 23 production of unitized substances in paying quantities in the forma- 23
 24 tions tested hereunder and after notice of intention to terminate the 24
 25 agreement on such ground is given by the Unit Operator to all parties 25
 26 in interest at their last known addresses, the agreement is terminated 26
 27 with the approval of the Director, or 27

28 (c) a valuable discovery of unitized substances has been made or 28
 29 accepted on unitized land during said initial term or any extension 29
 30 thereof, in which event the agreement shall remain in effect for such 30
 31 term and so long as unitized substances can be produced in quantities 31
 32 sufficient to pay for the cost of producing same from wells on unitized 32
 33 land within any participating area established hereunder and, should 33
 34 production cease, so long thereafter as diligent operations are in pro- 34
 35 gress for the restoration of production or discovery of new production 35
 36 and so long thereafter as the unitized substances so discovered can be 36
 37 produced as aforesaid, or 37

38 (d) it is terminated as heretofore provided in this agreement. 38

39 This agreement may be terminated at any time by not less than 75 per 39
 40 centum, on an acreage basis, of the owners of working interest signatory 40
 41 hereto, with the approval of the Director; notice of any such approval to 41
 42 be given by the Unit Operator to all parties hereto. 42

43 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is 43
 44 hereby vested with authority to alter or modify from time to time in his dis- 44
 45 cretion the quantity and rate of production under this agreement when such 45
 46 quantity and rate is not fixed pursuant to Federal or State law or does not 46
 47 confirm to any state-wide voluntary conservation or allocation program, which 47
 48 is established, recognized, and generally adhered to by the majority of 48
 49 operators in such State, such authority being hereby limited to alteration 49
 50 or modification in the public interest, the purpose thereof and the public 50
 51 interest to be served thereby to be stated in the order of alteration or 51
 52 modification. Without regard to the foregoing, the Director is also hereby 52
 53 vested with authority to alter or modify from time to time in his discretion 53
 54 the rate of prospecting and development and the quantity and rate of produc- 54
 55 tion under this agreement when such alteration or modification is in the 55
 56 interest of attaining the conservation objectives stated in this agreement 56
 57 and is not in violation of any applicable Federal or State law. 57