

1 12. PARTICIPATION AND ALLOCATION OF PRODUCTION. The tract participation 1
2 set forth opposite each tract in Exhibit "C" represents the portion of Unitized 2
3 Substances which, if all tracts are qualified for unit participation, will be 3
4 allocated to each such tract as of the effective date of this agreement based 4
5 on the following formula:

Tract Participation = Percentage of Remaining Primary Oil x .0530 6
 ↗ Percentage of Remaining Solution Gas x .0306 7
 ↗ Percentage of Remaining Gas Cap Gas x .0933 8
 ↗ Percentage of Secondary Oil x .8231 9

10 (Secondary Oil = Average of percentage of oil acre feet / percentage 10
11 of ultimate primary.) 11

20 If, after the effective date of this agreement there is any Tract or 20
21 Tracts subsequently qualified for participation hereunder because of expansion 21
22 of the unit under Section 3, Expansion of Unit Area, or any Tract or Tracts 22
23 within the Unit Area not qualified as of the effective date hereof but which 23
24 are subsequently qualified through the provisions of Section 34, Subsequent 24
25 Joinder and Section 5, Tracts Qualified for Unit Participation, or if any Tract 25
26 is eliminated from participation under this Unit Agreement as provided in 26
27 Section 33, Loss of Title, the schedule of participation as shown in Exhibit 27
28 "C" shall be revised by the Unit Operator to show the new tract participation 28
29 percentages of all the then qualified Tracts, and the revised Exhibit "C", upon 29
30 approval by the Supervisor under Section 33 and the Director under Sections 3 30
31 and 34, shall govern the allocation of production from and after the effective 31
32 date thereof until a new schedule is so approved. In any such revised 32
33 Exhibit "C", pursuant to this paragraph the Tract Participation Percentages 33
34 of the previously qualified Tracts shall remain in the same ratio one to the 34
35 other.