

1 On the effective date of this agreement and thereafter, all Unitized Sub- 1
2 stances produced hereunder (except any part thereof used in conformity with good 2
3 operating practices for drilling, operating, camp and other production or develop- 3
4 ment purposes, for pressure maintenance or secondary recovery operations in 4
5 accordance with a plan of operation approved by the Supervisor, or unavoidably 5
6 lost), shall be deemed to be produced from the several Tracts of Unitized Land 6
7 established for such production, and for the purpose of determining any bene- 7
8 fits accruing under this agreement each such Tract shall have allocated to it 8
9 that percentage of said production equal to its Tract Participation Percentages 9
10 effective hereunder during the respective period such Unitized Substances were 10
11 produced, as set out in Exhibit "C". 11

12 The amount of Unitized Substances allocated to each Tract shall be 12
13 deemed to be produced from such Tract irrespective of the location of the wells 13
14 from which the same is produced and regardless of depletion of wells or Tracts. 14
15 In the absence of a controlling contract or agreement to the contrary where 15
16 two or more leases, or part or parts thereof, have been combined into a single 16
17 tract, the percentage participation assigned to such tract shall for all 17
18 purposes be divided among each separate lease, or part thereof, which has been 18
19 put into such tract, in proportion to the number of surface acres of the lease, 19
20 or part thereof, in such tract to the total surface acres contained in said 20
21 tract. 21

22 13. ROYALTY SETTLEMENT. The United States and the State of Wyoming 22
23 and all Royalty Owners, who, under existing contract, are entitled to take in 23
24 kind a share of the substances now unitized hereunder produced from any Tract, 24
25 shall hereafter be entitled to the right to take in kind their share of the 25
26 Unitized Substances allocated to such Tract, and Unit Operator shall make 26
27 deliveries of such royalty share taken in kind in conformity with the appli- 27
28 cable contracts, laws and regulations. Settlement for royalty interest not 28
29 taken in kind shall be made by Working Interest Owners responsible therefor 29
30 under existing contracts, laws and regulations on or before the last day of 30
31 each month for Unitized Substances produced during the preceding calendar 31
32 month; provided, however, that nothing herein contained shall operate to 32
33 relieve the lessees of any land from their respective lease obligations for 33
34 the payment of any royalties due under their leases. 34