

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 Tract Participation Percentages effective hereunder during the respective period such Unitized Substances were produced, as set out in Exhibit "C".

The 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. In the absence of a controlling contract or agreement to the contrary where two or more leases, or part or parts thereof, have been combined into a single tract, the percentage participation assigned to such tract shall for all purposes be divided among each separate lease, or part thereof, which has been put into such tract, in proportion to the number of surface acres of the lease, or part thereof, in such tract to the total surface acres contained in said tract.

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