

and to deepen or plug back said well to a Non-Unitized Formation. Within ten (10) days after said Other Working Interest Owners have so notified Unit Operator of their desire to take over such well, they shall pay to Unit Operator, for credit to the joint account of the Working Interest Owners, the amount as estimated and fixed by the Working Interest Owners to be the net salvage value of the equipment jointly owned by the Working Interest Owners in and on said well. In the event that prior to the termination of the Unit Agreement the Other Working Interest Owners decide to permanently abandon a well completed in a Non-Unitized Formation and not previously taken over by the Unit Operator under the provisions of Article 10 hereof but located within the Unit Area, such Other Working Interest Owners shall give written notice of such fact to the Working Interest Owners and said Working Interest Owners shall have the right and option for a period of ninety (90) days after receipt of such notice to notify such Other Working Interest Owners of their election to take over and own said well. Within ten (10) days after said Working Interest Owners have so notified such Other Working Interest Owners of their desire to take over such well, they shall pay to the Other Working Interest Owners the amount:

- (a) as mutually estimated and fixed by the Working Interest Owners and the Other Working Interest Owners in the case of a well not previously taken over by the Unit Operator,

to be the net salvage value of the equipment owned by the Other Working Interest Owners which is located in and on said well and which the Working Interest Owners desire to retain for operation in the Unitized Formation. At the time the party or parties taking over a well give notice of their election to do so, they shall agree by letter addressed to the parties that had decided to abandon the well to effectively seal off and protect the formation for which operations are being abandoned in such well and at such time as the well is ready for complete abandonment to plug and abandon the well in a workmanlike manner in accordance with applicable laws.

18.2 Plugging. In the event the parties entitled to notification under Section 18.1 do not elect to take over a unit well which is proposed for abandonment, the well shall be plugged and abandoned in accordance with applicable laws by the Unit Operator, with the expense of plugging and abandonment to be borne by the Working Interest Owners.