

1 9. DRILLING TO DISCOVERY. Within 6 months after the effective 1
2 date hereof, the Unit Operator shall begin to drill an adequate test 2
3 well at a location approved by the Supervisor, unless on such effec- 3
4 tive date a well is being drilled conformably with the terms hereof, 4
5 and thereafter continue such drilling diligently until the Mesaverde 5
6 formation has been tested or until at a lesser depth unitized sub- 6
7 stances shall be discovered which can be produced in paying quantities 7
8 (to wit: quantities sufficient to repay the costs of drilling, com- 8
9 pleting, and producing operations, with a reasonable profit) or the 9
10 Unit Operator shall at any time establish to the satisfaction of the 10
11 Supervisor that further drilling of said well would be unwarranted or 11
12 impracticable, provided, however, that Unit Operator shall not in any 12
13 event be required to drill said well to a depth in excess of 12,000 13
14 feet. Until the discovery of a deposit of unitized substances capable 14
15 of being produced in paying quantities, the Unit Operator shall continue 15
16 drilling one well at a time, allowing not more than 6 months between 16
17 the completion of one well and the beginning of the next well, until a 17
18 well capable of producing unitized substances in paying quantities is 18
19 completed to the satisfaction of said Supervisor or until it is reasonably 19
20 proved that the unitized land is incapable of producing unitized sub- 20
21 stances in paying quantities in the formations drilled hereunder. 21
22 Nothing in this section shall be deemed to limit the right of the Unit 22
23 Operator to resign as provided in Section 5, hereof, or as requiring 23
24 Unit Operator to commence or continue any drilling during the period 24
25 pending such resignation becoming effective in order to comply with the 25
26 requirements of this section. The Supervisor may modify the drilling 26
27 requirements of this section by granting reasonable extensions of time 27
28 when, in his opinion, such action is warranted. 28
29 Upon failure to commence any well provided for in this section 29
30 within the time allowed, including any extension of time granted by 30
31 the Supervisor, this agreement will automatically terminate unless a 31
32 discovery in paying quantities is made prior to said failure; upon 32
33 failure to continue drilling diligently any well commenced hereunder, 33
34 the Supervisor may, after fifteen (15) days notice to the unit operator, 34
35 declare this unit agreement terminated. 35