

otherwise belonging to the non-participating party, the party or parties entitled to receive the working interest production of the non-participating party shall receive such production free and clear of burdens against such production which may have been created subsequent to this agreement, and the non-participating party creating such burdens shall save the participating party or parties harmless with respect to the receipt of such working interest production.

31.4 Casing Point Election:

Notwithstanding the provisions of Sections 11 and 12 hereof to the contrary, consent by a party to the drilling (as distinguished from reworking, deepening, or plugging back) of a well, including the Initial Test Well provided for in Section 7 hereof, shall not be deemed as consent to the attempt to complete the well or to the setting of production casing. When any well drilled pursuant to the terms of this agreement has reached its authorized depth, the Operator shall give immediate notice to the non-operating parties who are to participate in the completion costs, and the parties receiving such notice shall have twenty-four (24) hours (exclusive of Saturday, Sunday, or a legal Holiday) in which to elect to set casing and participate in such completion attempt. Failure of the party receiving such notice to reply within the period above fixed, shall constitute an election by that party not to participate in the cost of a completion attempt. If one or more, but less than all, of the parties elect to set pipe and to attempt a completion, the provisions of Section 12 hereof shall apply to the operations thereafter conducted by less than all of the parties.

The option herein provided not to participate in the completion attempt shall also be available to Operator. When Operator does not participate in such completion attempt, the parties bearing the cost of such operation shall designate one of their number to operate same in the capacity of "Interim Operator" and thereafter the Operator named herein shall not have any control or supervision over such operation thereafter conducted. Provided, however, the parties bearing the cost of such operation may request that the Operator named herein continue to operate, and said Operator shall have the option of refusing or continuing. After said well is either plugged and abandoned or completed as a producer of oil and/or gas, the Operator named herein shall assume all subsequent operations and thereafter discharge its duties in that capacity under this agreement.

31.5 Equal Employment Provision:

In the performance of this contract, Operator shall not engage in any conduct or practice which violates any applicable law, order or regulation

BEFORE THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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