OIL CONSERVATION DIVISION

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Interest Owner shall return such letter ballot to Unit Operator indicating its approval or disapproval thereof. It is agreed that such inventory and valuations shall be binding upon all parties if approved by Working Interest Owners owning at least seventy percent (70%) of the Working Interest in the Unit Area.

10.4 Investment Adjustments. As soon as practicable after approval by Working Interest Owners of the inventory and valuations as provided in Section 10.3, each Working Interest Owner shall be credited with the value of its interest in all personal property taken over by Unit Operator under Sections 10.1.1 and 10.1.2, and charged with an amount equal to that obtained by multiplying the total value of all such personal property so taken over by Unit Operator under Sections 10.1.1 and 10.1.2 by such Working Interest Owner's Unit Participation, as shown on Exhibit "D." If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any other item of Unit Expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

All wells completed in the Strawn formation within the Unit Area shall be Unit wells. If a Unit well has not reached payout status as of the effective date of unitization, the Working Interest Owners in the Unit, in proportion to their working interest in the Unit, shall pay to the working owners of each such well the amount necessary to reach payout.

10.5 <u>Pre-Unitization Costs</u>. The Working Interest Owners shall pay Gillespie-Crow, Inc. the necessary and reasonable pre-unitization costs and fees incurred by it or by Charles B. Gillespie, Jr. for engineering, geological, land, legal, and other professional services attendant to the formation of the Unit.

10.6 <u>General Facilities</u>. The acquisition of warehouses, warehouse stocks, lease houses, camps, facilities systems, and office buildings necessary for Unit Operations shall be by negotiation by and between the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.7 <u>Ownership of Personal Property and Facilities</u>. Each Working Interest Owner, individually, shall, by virtue hereof,