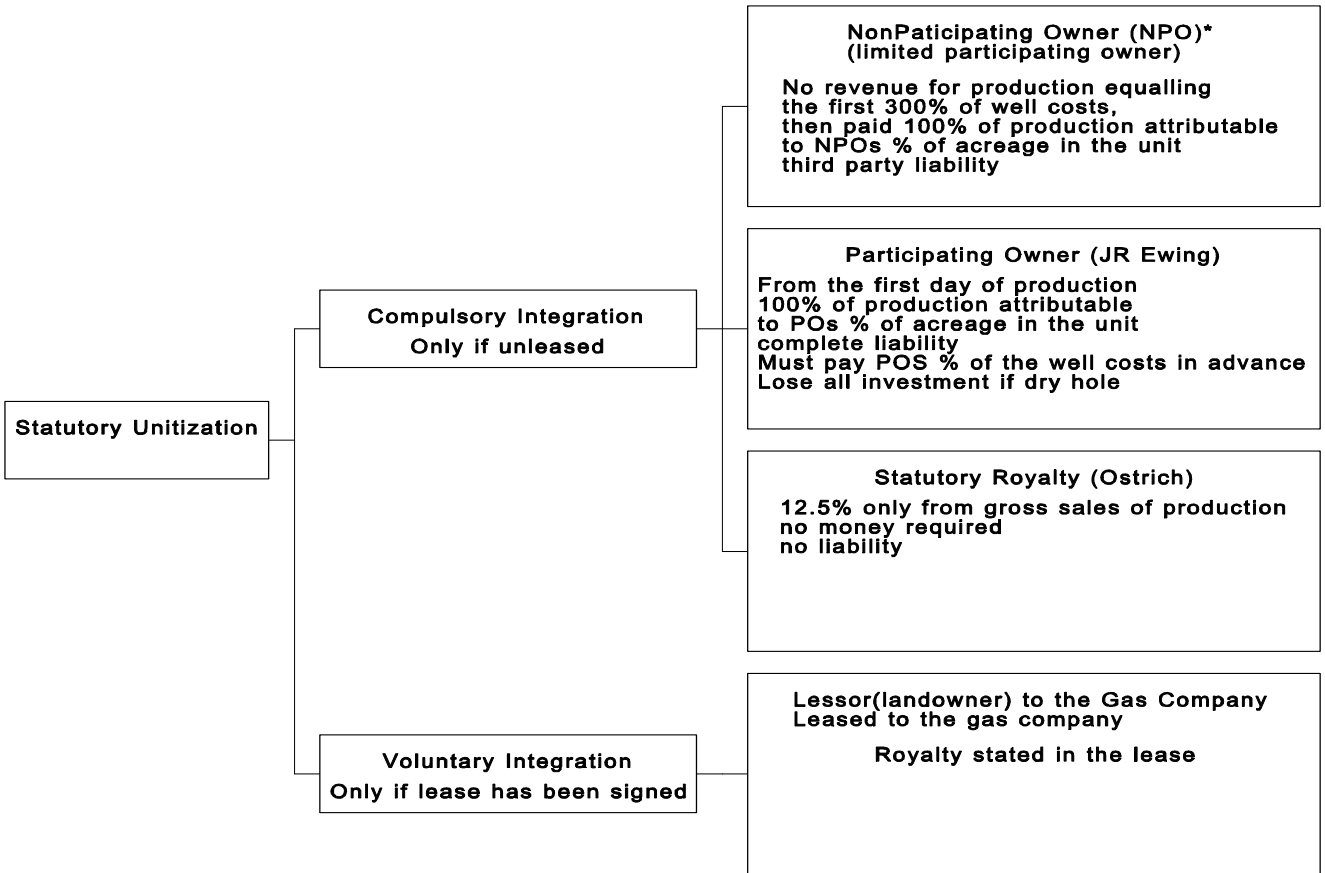


## Outline of Statutory Unitization



\* exception when the NPO is a lessee, then the NPO receives a graduated royalty:

- a. On production equaling 100% of the cost of the well - 6.25%
- b. On production equaling the second 100% of the cost of the well - 9.38%
- c. On production equaling the third 100% of the cost of the well - 12.5%