

RECEIVED

OCT 1 1965

COMMUNITIZATION AGREEMENT

D. E. D.
ARTESIA, OFFICE

Contract No. _____

THIS AGREEMENT entered into as of the 1 day of JUNE, 1965, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto."

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, U.S.C. secs 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this Agreement (hereinafter referred to as "communitized area") are described as follows:

Township 21 South, Range 23 East, NMPM
Section 19: Lots 1, 2, 3, 4, E/2 W/2, E/2 (A11)
Eddy County, New Mexico

Containing 576.12 acres, more or less, and this Agreement shall cover and include only the Upper Pennsylvanian and Morrow (Lower Pennsylvanian) formations underlying said lands and Communitized Area and the natural gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances" producible from such formations. This Agreement shall apply separately to the Pennsylvanian and Morrow (Lower Pennsylvanian) formations in the same manner as a separate agreement for each formation had been entered into.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing, pooling, patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the terms and provisions of this agreement and pursuant to the terms and provisions of this agreement. A designated area may be designated by the owners of the working interest in the designated area and four (4) executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the State with the following information: the gas sales and royalties and such other reports of operations, statements of gas the royalty due the United States, as specified in the operating regulations.

5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective, as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years as to the Upper Pennsylvanian and Morrow (Lower Pennsylvanian) individually and so long thereafter as communitized substances are, or can be, produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representatives, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties, hereto. This agreement shall not terminate upon cessation of production, if within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

11. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption or all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

13. Non-Discrimination. In connection with the performance of work under this Agreement, the Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925, as amended, (28 F.R. 6485) which are hereby incorporated by reference in this agreement.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ATTEST:

Walter L. Smith

Assistant Secretary

OPERATOR

ODESSA NATURAL GASOLINE COMPANY

By

H. J. Edwards

R.L.H.

Executive Vice President

ANADARKO PRODUCTION COMPANY

ATTEST:

By

MARATHON OIL COMPANY

ATTEST:

By

CALIFORNIA OIL COMPANY

ATTEST:

By

L. R. FRENCH, Jr.

13. Non-Discrimination. In connection with the performance of work under this Agreement, the Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925, as amended, (28 F.R. 6485) which are hereby incorporated by reference in this agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ODESSA NATURAL GASOLINE COMPANY

ATTEST:

By _____

OPERATOR

ANADARKO PRODUCTION COMPANY

ATTEST:

W. L. Robertson

Assistant Secretary

By William C. Goff

MARATHON OIL COMPANY

ATTEST:

By _____

CALIFORNIA OIL COMPANY

ATTEST:

By _____

L. R. FRENCH, Jr.

NO. 10 OPERATORS

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O. C. C.
ARTESIA, OFFICE

13. Non-Discrimination. In connection with the performance of work under this Agreement, the Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925, as amended, (28 F.R. 6485) which are hereby incorporated by reference in this agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ODESSA NATURAL GASOLINE COMPANY

ATTEST:

By _____

OPERATOR

ANADARKO PRODUCTION COMPANY

ATTEST:

By _____

MARATHON OIL COMPANY

ATTEST:

By _____

J. H. HENNING
DIVISION OPERATIONS MANAGER

APPROVED A
TO FORM

©

CALIFORNIA OIL COMPANY

ATTEST:

By _____

L. R. FRENCH, JR.

NON-OPERATORS

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IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ODESSA NATURAL GASOLINE COMPANY

ATTEST:

By _____

OPERATOR

ANADARKO PRODUCTION COMPANY

ATTEST:

By _____

MARATHON OIL COMPANY

ATTEST:

By _____

CALIFORNIA OIL COMPANY

~~ATTEST:~~

By J. H. D. Miller

SECRETARY IN FACT

L. R. FRENCH, JR.

NO 3 OPERATORS

13. Non-Discrimination. In connection with the performance of work under this Agreement, the Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925, as amended, (28 F.R. 6485) which are hereby incorporated by reference in this agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

ODESSA NATURAL GASOLINE COMPANY

ATTEST:

By _____

OPERATOR

ANADARKO PRODUCTION COMPANY

ATTEST:

By _____

MARATHON OIL COMPANY


ATTEST:

By _____

CALIFORNIA OIL COMPANY

ATTEST:

By _____



L. R. FRENCH, Jr.

2000 OPERATORS

STATE OF TEXAS

COUNTY OF ECTOR

XXXXXX

On this 27 day of August, 1965, before me appeared W. T. Edwards to me personally known, who, being by me duly sworn, did say that he is the President of ODESSA NATURAL GASOLINE COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said W. T. Edwards acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

June 1, 1967

Johnnie Joiner
Notary Public in and for Ector
County, State of Texas

Johnnie Joiner, Notary Public
in and for County of Ector, Texas

STATE OF

COUNTY OF

XXXXXX

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of ANAHEIMO PRODUCTION COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Notary Public in and for Ector
County, State of Texas

STATE OF TEXAS

COUNTY OF ECTOR

X
X
X

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of ODESSA NATURAL GASOLINE COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Notary Public in and for Ector
County, State of Texas

STATE OF Texas

COUNTY OF Armon

X
X
X

On this 15 day of Sept, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of ANADARKO PRODUCTION COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

W. L. Lattin
Notary Public in and for Ector Tarrant
County, State of Texas

STATE OF TEXAS
COUNTY OF HARRIS

On this 2nd day of January, 1965, before me appeared T.H. HERRING to me personally known, who, being by me duly sworn, did say that he is the REGIONAL OPERATIONS MANAGER of MARATHON OIL COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said T.H. HERRING acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:
Notary Public in and for Harris County, Texas
My Commission Expires: _____

Franklin M. Munro
Notary Public in and for Harris
County, State of Texas

STATE OF
COUNTY OF

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of CALIFORNIA OIL COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF TEXAS
COUNTY OF DICKERSON

On this _____ day of _____, 1965, before me personally appeared L. R. FRENCH, a single person, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF
COUNTY OF

NOTARY PUBLIC

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of MARATHON OIL COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have herunto set my hand and affixed my official seal the day and year in this certificate first above written.

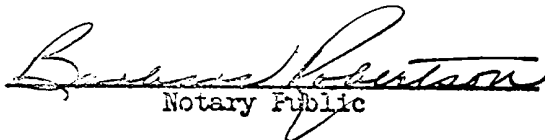
My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF TEXAS
COUNTY OF HARRIS

NOTARY PUBLIC

The foregoing instrument was acknowledged before me this 30th day of June 19 65, by V. L. Taylor and H. L. Smith Attorneys in Fact for California Oil Company, a California corporation, on behalf of said corporation.


Notary Public

My Commission Expires

BARBARA ROBINSON
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1967

County, State of _____

STATE OF TEXAS
COUNTY OF ECTOR

NOTARY PUBLIC

On this _____ day of _____, 1965, before me personally appeared L. R. FRENCH, a single person, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF
COUNTY OF

XXXXXX

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of MARATHON OIL COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF
COUNTY OF

XXXXXX

On this _____ day of _____, 1965, before me appeared _____ to me personally known, who, being by me duly sworn, did say that he is the _____ of CALIFORNIA OIL COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Notary Public in and for _____
County, State of _____

STATE OF TEXAS
COUNTY OF ECTOR

XXXXXX

On this 21st day of Sept, 1965, before me personally appeared L. R. FRENCH, a single person, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

My Commission expires:

1967

[Signature]
Notary Public in and for Ector
County, State of Texas

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EXHIBIT "A"

To COMMUNITIZATION AGREEMENT dated June 1, 1965 embracing
all of Section 19, T-21-S, R-23-E, Eddy County, New Mexico.

OPERATOR OF COMMUNITIZED AREA	ODESSA NATURAL GASOLINE COMPANY
WELL NAME	STANDARD FEDERAL # 1

DESCRIPTION OF LEASES COMMITTED

TRACT #1

LEASE COMMITTED BY	California Oil Company Odessa Natural Gasoline Company L. R. French
LESSOR	United States of America
ORIGINAL LESSEE	Pauline A. Bunnel
LESSEE OF RECORD	California Oil Company
SERIAL NUMBER	NM-0468137
DATE OF LEASE	May 1, 1963 Above well located on lease
DESCRIPTION OF LANDS COMMITTED	T-21-S, R-23-E, Section 19, NE/4
NUMBER OF ACRES	160.00
PENDING ASSIGNMENTS	Assignment of Operating Rights dated September 9, 1963 from Williamson Petroleum Company to L. R. French
WORKING INTEREST AND PERCENTAGE	California Oil Company 50.000% Odessa Natural Gasoline Co. 40.625% L. R. French 9.375%
ORRI INTEREST AND PERCENTAGE	Pauline A. Bunnel Production Payment \$500 per acre out of 3%
OPERATING AGREEMENTS	

Tract #2

LEASE COMMITTED BY	California Oil Company Odessa Natural Gasoline Company L. R. French
LESSOR	United States of America
ORIGINAL LESSEE	Philip L. Field
LESSEE OF RECORD	California Oil Company

SERIAL NUMBER	NM-0485159
DATE OF LEASE	April 1, 1952 Extended to April 1, 1964 Heldby West Indian Basin Unit
DESCRIPTION OF LAND COMMITTED	T-21-S, R-23-E, Section 19, Lots 1 and 2, E/2 NW/4
NUMBER OF ACRES	127.79
PENDING ASSIGNMENTS	Assignment of Operating Rights dated September 9, 1963 from Williamson Petroleum Company to L. R. French
WORKING INTEREST AND PERCENTAGE	California Oil Company 50.000% Odessa Natural Gasoline Co. 40.625% L. R. French 9.375%
ORRI INTEREST AND PERCENTAGE	Philip L. Field Production Payment \$500 per acre out of 3%

OPERATING AGREEMENTS

Tract #3

LEASE COMMITTED BY	Anadarko Production Company
LESSOR	United States of America
ORIGINAL LESSEE	Anadarko Production Company
LESSEE OF RECORD	Anadarko Production Company
SERIAL NUMBER	NM-0555054
DATE OF LEASE	December 1, 1964
DESCRIPTION OF LAND COMMITTED	T-21-S, R-23-E, Section 19, Lots 3 and 4, W/2 SW/4
NUMBER OF ACRES	128.33
PENDING ASSIGNMENTS	None
WORKING INTEREST AND PERCENTAGE	100%
ORRI INTEREST AND PERCENTAGE	None
OPERATING AGREEMENTS	None

Tract #4

LEASE COMMITTED BY	Marathon Oil Company
LESSOR	United States of America
ORIGINAL LESSEE	The Ohio Oil Company

LESSEE OF RECORD	Marathon Oil Company
SERIAL NUMBER	NM-0384625
DATE OF LEASE	September 1, 1951
DESCRIPTION OF LAND COMMITTED	T-21-S, R-23-E, Section 19, SE/4
NUMBER OF ACRES	160.00
PENDING ASSIGNMENTS	None
WORKING INTEREST AND PERCENTAGE	100%
ORRI INTEREST AND PERCENTAGE	None
OPERATING AGREEMENTS	None

RECAPITULATION

	<u>No. of Acres</u>	<u>Percent Committed</u>
Tract 1	160.00	100%
2	127.79	100%
3	128.33	100%
4	160.00	100%
	<u>576.12</u>	<u>100%</u>

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