

APPROVAL - ~~CONSERVATION~~ - DETERMINATION

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U.S. GEOLOGICAL SURVEY
WASHINGTON, D.C.

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 38 U.S.C. secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 860, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR sec. 4.618, 12 FR 6784, I do hereby:

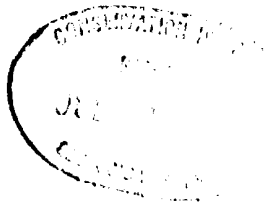
- A. Approve the attached communitization agreement covering the
E/2 Section 17, Township 29 N, Range 11 W,
N.M.P.M., San Juan County, New Mexico, as to dry
gas and associated liquid hydrocarbons producible from the
Dakota formation.
- B. Determine that the Federal lease or leases as to the lands
committed to the attached agreement 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 that consummation and approval of
the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental,
minimum royalty and royalty requirements of the Federal
lease or leases committed to said agreement are hereby
established, altered, changed or revoked to conform with
the terms and conditions of the agreement.

Dated AUG 1 - 1961

Arthur D. Baker

Acting Director
United States Geological Survey

Contract No. 14-08-0001 7552



COMMUNITIZATION AGREEMENT
Bloomfield #1 Well

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JUL 1961

14-08-0001 7552

**U. S. GEOLOGICAL SURVEY
BLOOMFIELD, NEW MEXICO**

THIS AGREEMENT entered into as of the 1st day of April, 1961, 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, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C., Secs. 181, et seq., 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 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 dry gas and associated liquid hydrocarbons 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 29 North, Range 11 West, N.M.P.M.
Section 17: E/2
Containing 320.00 acres,**

more or less, and this agreement shall extend to and include only the Dakota Formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

leased 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 his duly authorized representative, and shall remain in force and effect for a period of two (2) years 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,

CTB etc

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, and the ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized 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 Interior or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations. In the performance of work under this agreement, Operator agrees to comply with the nondiscrimination provision of Executive Order 10925 (26 F.R. 1977).

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 dry gas well or wells completed in the same formation 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

and in the applicable oil and gas regulations of the Department of the Interior.

12. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment in accordance with the nondiscrimination provision of Executive Order 10925 (26 F.R. 1977). because of race, religion, color or national origin/ The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff, or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

13. 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 interest 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 of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to the approval of the Secretary of the Interior.

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 instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such 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.

EL PASO NATURAL GAS COMPANY

By Sam Withers
ex

Robert R. Rood

May, 1961, by Sam Smith, Attorney in Fact for
EL PASO NATURAL GAS COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission expires:

Notary Public
Notary Public

STATE OF New Mexico)
COUNTY OF San Juan)

The foregoing instrument was acknowledged before me this 24 day of
May, 1961, by RODNEY P. CALVIN and CHRISTINE T. CALVIN, his
wife.

My Commission expires:

Lucia Madden
Notary Public

10/24/64

EXHIBIT "A"

To a Communitization Agreement dated April 1, 1961, embracing the following described land in San Juan County, New Mexico, to wit:

Township 29 North, Range 11 West, N.M.P.M.
Section 17: E/2

Operator of Communitized Area: EL PASO NATURAL GAS COMPANY
Well Name: Bloomfield #1 Well, Dakota Formation

Description of Lands Committed
Tract No. 1

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Lease Committed by: El Paso Natural Gas Company JUL - 6 1961
Lessor: United States of America U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO
Original Lessee: El Paso Natural Gas Company
Lessee of Record: El Paso Natural Gas Company
Serial Number of Lease: New Mexico 019405
Lease Date: October 1, 1945
Description of Lands Committed: Township 29 North, Range 11 West, N.M.P.M.
Section 17: NE/4, N/2 SE/4, SW/4 SE/4
Containing 280.00 acres, more or less

Tract No. 2

Lease Committed by: Rodney P. Calvin and wife,
Christine T. Calvin
Lessor: Xemine Shiershke and Richard Shiershke
Original Lessee: Rodney P. Calvin
Lessee of Record: Rodney P. Calvin
Recordation Data: Book 465, Page 344, Official Records
of San Juan County, New Mexico
Lease Date: September 26, 1960
Description of Lands Committed: Township 29 North, Range 11 West, N.M.P.M.
Section 17: A portion of SE/4 SE/4
Containing 24.56031 net acres
Pooling Provision: "5. Lessee is hereby granted the right to pool or unitize this lease, the land covered by it or any part thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil, gas, or any other minerals. Units pooled for oil hereunder shall not exceed forty (40) acres plus a tolerance of ten per cent (10%) thereof, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres plus a tolerance of ten per cent (10%) thereof, provided that if any Federal or State law, Executive order, rule or regulation shall prescribe a spacing pattern for the development of the

Pooling Provision: (cont'd.)

field or allocate a producing allowable on acreage per well, then any such units may embrace as much additional acreage as may be so prescribed or as may be used in such allocation or allowable. Lessee shall file written unit designations in the county in which the premises are located. Such units may be designated either before or after the completion of wells. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved."

Tract No. 3

Lease Committed by:	Rodney P. Calvin and wife, Christine T. Calvin
Lessor:	Mitchell P. Krach and Theresa F. Krach, his wife
Original Lessee:	Rodney P. Calvin
Lessee of Record:	Rodney P. Calvin
Recordation Data:	Book 468, Page 13, Official Records of San Juan County, New Mexico
Lease Date:	September 26, 1960
Description of Lands Committed:	Township 29 North, Range 11 West, N.M.P.M. Section 17: A portion of SE/4 SE/4 Containing 5.14650 net acres
Pooling Provision:	Same as pooling provision of lease on Tract 2.

Tract No. 4

Lease Committed by:	Rodney P. Calvin and wife, Christine T. Calvin
Lessor:	Xavier S. Baranowski
Original Lessee:	Rodney P. Calvin
Lessee of Record:	Rodney P. Calvin
Recordation Data:	Book 465, Page 364, Official Records of San Juan County, New Mexico

WPK etc

Lease Date: September 26, 1960

Description of Lands Committed: Township 29 North, Range 11 West, N.M.P.M.
Section 17: A portion of SE/4 SE/4
Containing 5.14650 net acres, more or less

Pooling Provision: Same as pooling provision of lease
on Tract 2.

Tract No. 5

Lease Committed by: Rodney P. Calvin and wife,
Christine T. Calvin

Lessor: Mary Goins

Original Lessee: Rodney P. Calvin

Lessee of Record: Rodney P. Calvin

Recordation Data: Book 468, Page 212, Official Records
of San Juan County, New Mexico

Lease Date: November 2, 1960

Description of Lands Committed: Township 29 North, Range 11 West, N.M.P.M.
Section 17: A portion of SE/4 SE/4
Containing 5.02590 net acres, more or less

Pooling Provision: Same as pooling provision of lease
on Tract 2.

Tract No. 6

Lands Committed by: Rodney P. Calvin and wife,
Christine T. Calvin

Grantor: Frances Spatter

Grantee: Rodney P. Calvin

Recordation Data: Book 480, Page 13, Official Records
of San Juan County, New Mexico

Mineral Deed Date: March 18, 1961

Description of Lands Committed: Township 29 North, Range 11 West, N.M.P.M.
Section 17: A portion of SE/4 SE/4
Containing .12079 net acres, more or less

Pooling Provision: Rodney P. Calvin acquired the entire
mineral interest, therefore, his signature
to this agreement constitutes the necessary
pooling authority.