

COMMUNITIZATION AGREEMENT

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NOV 6 1953

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

14-08-001-1176

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

This agreement, made and entered into as of the 29th day of October, 1953, by and between Stanolind Oil and Gas Company, a corporation, hereinafter referred to as "Operator", and Delhi Oil Corporation, a corporation, and Paul D. Lindsey and Eleanor T. Lindsey, his wife, hereinafter referred to as "Non-Operators":

WITNESSETH:

THAT WHEREAS, William D. Heath is the record owner of United States Oil and Gas Lease, Serial No. Santa Fe 076337, executed by the United States of America, as Lessor, and William D. Heath, as Lessee, on the first day of March, 1947, covering, among other land, the following described land in San Juan County, New Mexico, to wit:

T-30-N, R-9-W, N.M.P.M.,
Section 31, W/2; and

WHEREAS, by the terms of that certain Operating Agreement dated December 6, 1952, executed by the said William D. Heath and wife, Betty Fannie Heath, and W. O. Mills and wife, Hazel M. Mills, and by Operator, which Operating Agreement was approved on January 22, 1953, by the Bureau of Land Management, Operator is the present owner and holder of all operating rights under said Oil and Gas Lease, Serial No. Santa Fe 076337, subject to the overriding royalty interests reserved in said Operating Agreement, and Operator is authorized under the terms of said Operating Agreement to execute this instrument for and in behalf of said record owner and the owners of said overriding royalty interests; and

WHEREAS, Paul D. Lindsey is the record owner of United States Oil and Gas Lease Serial No. Santa Fe 077833, executed by the United States of America, as Lessor, and Jane W. Mansfield, as Lessee, on the first day of March, 1947, covering, among other land, the following described land in San Juan County, New Mexico, to wit:

T-30-N, R-9-W, N.M.P.M.,
Section 30, SW/4.

~~The said Paul D. Lindsey is also the owner of an overriding royalty interest equal to one-half of one per cent (1/2 of 1%) reserved in that certain Operating Agreement hereinbelow referred to; and~~

WHEREAS, by the terms of that certain Operating Agreement dated April 27, 1952, executed by the said Paul D. Lindsey and wife, Eleanor T. Lindsey, and by Delhi

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NMOCD CASE NO. 13828
NOVEMBER 30, 2006
ENERGEN RESOURCES CORP.
EXHIBIT NO. 9

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CONSERVATION DIVISION
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Oil Corporation, which Operating Agreement was approved by the Bureau of Land Management, Delhi Oil Corporation is the present owner and holder of all operating rights under said Oil and Gas Lease Serial No. Santa Fe 077833; and

WHEREAS, the parties hereto desire to communitize the above described Oil and Gas Leases in order to form one tract or unit as follows:

T-30-N, R-9-W, N.M.P.M.,
Section 31, W/2; and Section 30, SW/4, containing ~~304.57~~^{308.56} acres, more or less; and

WHEREAS, in order to be consistent with existing rules and regulations covering well spacing and production allowables, the parties hereto desire to operate the entire communitized unit for the purposes and intention of developing and producing gas and associated liquid hydrocarbons produced therewith from the Mesaverde formation, in accordance with the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the premises and mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto that the Mesaverde formation underlying the lands subject to this agreement shall be developed and operated for gas and associated liquid hydrocarbons produced therewith as an entirety, with the understanding and agreement that the gas and associated liquid hydrocarbons produced therewith from said Mesaverde formation underlying that communitized area 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 hereto. The royalties payable on the gas and associated liquid hydrocarbons produced therewith so allocated to the lands comprising the leaseholds and the rentals provided for in said leases shall be determined and paid on the basis respectively prescribed in the individual leases. There shall be no obligation on the parties hereto to offset any gas well or wells completed on separate component tracts into which said communitized tract is now or may hereafter be divided, nor shall said parties be required to separately measure said gas and associated liquid hydrocarbons produced therewith by reasons of the diverse ownership thereof in and under said tract, but the parties hereto shall not be released from their obligation to protect said communitized tract from drainage by a gas well or wells which may be drilled offsetting said tract. Payment of rentals under the terms of the leases hereinabove mentioned and described 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 said oil and gas leases hereinabove described shall remain in full force and effect as originally drawn.

It is further agreed that the commencement, completion, continued operation, or production of a well or wells for gas on the communitized tract shall be construed and considered as the commencement, completion, continued operation or production from each and all of the lands within and comprising said communitized tract and that operations or production pursuant to this agreement shall be deemed to be operations or production under each lease committed hereto.

It is further agreed that all production of gas and disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive order, rules and regulations which affect performance of any of the provisions of this agreement 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.

It is further agreed that Stanolind Oil and Gas Company shall be the Operator of said communitized tract, and all matters of operations, adjustments between the parties hereto, and payment of royalties and rentals under said lease in which the United States of America is lessor, shall be made by Stanolind Oil and Gas Company, its successors or assigns.

This agreement shall be effective as of the date hereof, upon approval by the Director of the Geological Survey and shall remain in force and effect for a period of two (2) years and so long thereafter as gas and associated liquid hydrocarbons produced therewith are produced from any part of said communitized tract in paying quantities, provided that prior to production in paying quantities from said communitized tract and upon fulfillment of all requirements of the Director of the Geological Survey with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of Operator and Lessees.

This agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

Operator of said communitized tract hereby agrees to furnish the Secretary of the Interior or his duly authorized representatives with the log and history of any well or wells; the monthly report of operations; the statement of oil and gas runs and royalties, together with 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 for any well within the communitized tract.

Operator shall not discriminate against any employees or applicant for employment because of race, creed, color or national origin and shall require an identical provision to be included in all subcontracts.

It is further agreed between the parties hereto that the Secretary of the Interior, or his representatives, shall have the right of supervision over all operations within the communitized tract 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 oil and gas regulations of the Department of the Interior.

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

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year hereinabove written.

ATTEST:

[Signature]
Assistant Secretary

STANOLIND OIL AND GAS COMPANY

By *[Signature]*
Attorney in Fact

APPROVED
[Signature]
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ATTEST:

[Signature]
Asst. Secretary

DELEI OIL CORPORATION

By *[Signature]*
Vice-President

[Signature]
PAUL D. LINDSEY

[Signature]
ELEANOR T. LINDSEY

THE STATE OF TEXAS)

COUNTY OF TARRANT)

On this 20th day of October, 1953, before me appeared C. Z. Bedford, to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of STANOLIND OIL AND GAS 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 C. Z. Bedford 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 seal on this, the day and year first above written.

My Commission Expires:

10-1-55

Geo. Bullard
Notary Public in and for
Tarrant County, Texas

THE STATE OF Texas)

COUNTY OF Dallas)

On this 20th day of October, 1953, before me appeared N. H. Newton, to me personally known, who, being by me duly sworn did say that he is the Vice President of DELHI OIL CORPORATION, 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.

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

My Commission Expires:

June 1, 1955

Marguerite Spencer
Notary Public in and for
Dallas County, Texas

MARGUERITE SPENCER
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1955

THE STATE OF Texas)

COUNTY OF Dallas)

On this 20th day of October, 1953, before me personally appeared PAUL D. LINDSEY and wife, ELEANOR T. LINDSEY, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My Commission Expires:

June 1, 1955

Marguerite Spencer
Notary Public in and for
Dallas County, Texas

MARGUERITE SPENCER
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1955



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEC 31 1953

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JAN 4 1954

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Standard Oil and Gas Company
Fair Building
Fort Worth, Texas

Gentlemen:

On December 23, 1953, the Acting Director, United States Geological Survey, approved the communitization agreement involving 308.56 acres, more or less, of Federal land in leases Santa Fe 076337 and 077833 in the San Juan field, San Juan County, New Mexico.

The agreement consolidates all rights as to dry gas and associated liquid hydrocarbons producible from the Mesaverde formation in lots 3, 4, and 5, sec. 30; lots 1, 2, 3, 4, and 5, sec. 31, T. 36 N., R. 9 W., N.M.P.M., is effective as of October 29, 1953, and has been designated No. 14-08-001-1176.

Enclosed is one approved copy for your records. You are requested to furnish all interested principals with whatever evidence of this approval is deemed appropriate.

Very truly yours,

NOTED
JAN 6 - 1954
WOLFE

NOTED
JAN 4 1954
KNAUF

R. E. SPRATT
For the Director

NOTED
JAN 4 1954
CANFIELD

Enclosure

RESpeer:drg 12/28/53

Copy to: ✓ Roswell 2 (with 2 copies of app'd agreement)

BEM 2:

Santa Fe (ltr. only)

Washington (with 1 copy of app'd agreement)

SF 076337

SF 077833

NOTED
JAN 4 - 1954
ANDERSON

NOTED
JAN 4 1954
J. W. LONG

COPY TO FARMINGTON

NOTED - KRAGRUB

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

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DEC 23 1953

Memorandum

To: Director, Geological Survey
From: Chief, Conservation Division
Subject: Commitment agreement for the Mesaverde formation, leases Santa Fe 076337 and 077833

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U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Transmitted herewith are five executed copies of a commitment agreement dated October 29, 1953, involving 306.56 acres, more or less, of Federal land in the subject leases, in the San Juan Field, San Juan County, New Mexico.

The agreement consolidates all rights as to dry gas and associated liquid hydrocarbons producible from the Mesaverde formation in lots 3, 4, and E1/4 sec. 30; lots 1, 2, 3, 4, and E1/4 sec. 31, T. 30 N., R. 9 W., N.M.P.M., and has been executed by the following:

- (a) Paul D. Lindsey et ux, record lessee and overriding royalty owner under Santa Fe 077833.
- (b) Dehrl Oil Corporation, owner of all operating rights under Santa Fe 077833 by virtue of an approved operating agreement.
- (c) Stanalini Oil and Gas Company, designated operator of the committed acre, and holder of operating rights under Santa Fe 076337 by virtue of an approved operating agreement. Stanalini has been unable to obtain the signature of the Federal land lessee, but advises the Survey that it regards that the operating agreement under Santa Fe 076337, approved on January 22, 1953, by the Director, Bureau of Land Management, conveys to Stanalini the power to execute all unit and commitment agreements, etc., as an agent for William D. Heath, the record lessee.

Under the terms of said agreement, committed substances produced from the committed area will be allocated to each lease on a pro rata acreage basis, and royalties on the portions so allocated will be paid at the rates prescribed in the respective leases.

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Upon your approval, the agreement will be effective October 29, 1953, and remain in force and effect for two years and so long thereafter as communitized substances are produced in paying quantities from said area unless sooner terminated for non-productivity as provided therein.

The Mesaverde formation of the Blanco pool in the San Juan field is being developed on a spacing pattern of 300 acres, more or less, per well as established by the New Mexico Oil Conservation Commission. Development on such basis is considered to be adequate for exploitation of the gas resources of said formation underlying the communitized area.

No drilling operations have been conducted on the communitized area. Stanalind Oil and Gas Company and Dalhi Oil Corporation have approved nation-wide bonds on file with the Bureau of Land Management.

All land within the communitized area has been committed to Blanco Development Contract, L-Seq. No. 921. Stanalind Oil and Gas Company, designated operator of the communitized area, is a party to said contract.

The agreement is regarded as affording adequate protection to the public interest. In accordance with the authority delegated to you by Departmental Order No. 2365 of October 6, 1947, 43 CFR sec. 4.618, 12 FR 6784, it is recommended that you sign the certificate of approval attached to each executed copy of the agreement and return all papers to the Conservation Division for appropriate distribution.

R. E. SPIVAK

Acting Chief, Conservation Division

Attachments 5

DEC 23 1953

Attachments approved: _____

Thomas B. Dolan

Acting Director, U. S. Geological Survey and returned to the Conservation Division

Copy to: Rowell 2
DEM 2

JWLong:jmc
12-2-53

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APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, U.S.C. 30, secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, 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 lots 3, 4, and E $\frac{1}{2}$ SW $\frac{1}{4}$ sec. 30; lots 1,2,3,4, and E $\frac{1}{2}$ W $\frac{1}{4}$ sec. 31, T. 30 N., R. 9 W., N.M.P.M., San Juan County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Mesaverde formation.
- B. Determine that the portions of the Federal leaseholds committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the Mesaverde formation of the Blanco pool in the San Juan field 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 leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Dated DEC 23 1953

Thomas B. Nolan
Acting Director
United States Geological Survey

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