

ROYALTY POOLING AGREEMENT

THIS AGREEMENT, Made and entered into this _____ day of _____, 1957, by and between Sunray Mid-Continent Oil Company, a Delaware corporation, hereinafter called "Lease Owner", and the undersigned as "Royalty Owners".

W I T N E S S E T H:

WHEREAS, on April 9th, 1927, a certain oil and gas lease was made and entered into between Henry D. Greer, as Lessor, and F. E. Vosburg, as Lessee, covering, among other lands, the following described lands in Lea County, New Mexico, to-wit:

Northwest Quarter (NW $\frac{1}{4}$) of Section Twenty-One (21), Township Twenty Two (22) South, Range Thirty Six (36) East, N.M.P.M.,

said lease being recorded in Book 4 at page 628 of the records of the County Clerk of Lea County, New Mexico; and

WHEREAS, on June 21, 1927, a certain oil and gas lease was made and entered into by and between Mrs. Della Bailey Boren and J. M. Boren, her husband, as Lessors, and Cosden Oil & Gas Company, as Lessee, covering the following described land in Lea County, New Mexico, to-wit:

Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty (20), Township Twenty Two (22) South, Range Thirty Six (36) East, N.M.P.M.

said lease being recorded in Book 8, Oil and Gas Records, Page 101, re-recorded in Book 15, Oil and Gas Records, Page 618, in the office of the County Clerk of Lea County, New Mexico; and

WHEREAS, Sunray Mid-Continent Oil Company is the present owner of the oil and gas leases above described; and

WHEREAS, the undersigned ROYALTY OWNERS own an interest in the royalty under either or both of the above described oil and gas leases; and

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 5
CASE 1317

WHEREAS, in the opinion of ROYALTY OWNERS it is desirable and advisable to pool and combine the respective royalty interests in and under the various tracts of land covered by the oil and gas leases above described in so far as said leases cover and apply to gas, distillate and/or condensate rights in and to the Yates Sand (encountered in the H. D. Greer Well No. 2 between the depths of 3000 feet and 3500 feet) underlying the Northwest Quarter (NW $\frac{1}{4}$) of Section 21, and the Northeast Quarter (NE $\frac{1}{4}$) of Section 20, Township 22 South, Range 36 East, containing 320 acres, more or less, Lea County, New Mexico, in order to form one tract or unit (hereinafter referred to as "Unitized Tract").

NOW, THEREFORE, in consideration of the premises and mutual advantages offered by this Agreement, the parties hereto hereby covenant, contract and agree as follows:

ARTICLE I

The oil and gas leases above described shall be and remain in full force and effect as originally written, except that the 320 acre tract described as the Northeast Quarter (NE $\frac{1}{4}$) of Section 20 and the Northwest Quarter (NW $\frac{1}{4}$) of Section 21, Township 22 South, Range 36 East, shall be developed and operated by the Lease Owner, its successors and assigns for the production therefrom of gas, distillate and/or condensate from the Yates Sand as an entirety, with the understanding and agreement that the gas, distillate and/or condensate produced from said Yates Sand underlying the unitized tract, shall be allocated among the leaseholds comprising said unitized tract in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto, and the royalty owners shall be paid royalties for the unitized production in the proportion that each royalty owner's net mineral acre interest bears to the total number of mineral acres included in the unitized area.

ARTICLE II

There shall be no obligation on Lease Owner or its successors or assigns, to offset any gas well or wells on any separate component tract into which the unitized tract is now or may hereafter be divided; nor shall Lease Owner, its successors or assigns, be required to separately measure said gas, distillate and/or condensate by reason of diverse ownership of such production in and under said tract.

ARTICLE III

It is further agreed that production of gas, distillate and/or condensate, or any of them, on any part of the unitized tract shall be construed as though produced from each of the above described oil and gas leases and shall continue each of said leases in full force and effect as to all lands covered and described therein with like effect, as if such production were being had on land described in each of said leases.

ARTICLE IV

This Agreement and all drilling, development and producing operations shall be subject to all orders, rules and regulations of any duly constituted Federal, State or local authorities having jurisdiction of the land subject to this Agreement.

ARTICLE V

The term of this Agreement shall be co-extensive with the terms of the oil and gas mining leases hereinabove described.

ARTICLE VI

The provisions of each of the leases hereinabove described in conflict herewith are hereby abrogated -- otherwise, they shall remain in full force and effect.

ARTICLE VII

This Agreement may be executed in any number of counterparts and it shall be binding upon each party who executes it whether or not it is executed by all or any of the other parties

owning an interest in the minerals, royalties, or working interest in the above described land.

ARTICLE VIII

This Agreement shall be binding upon each party hereto and shall extend to and be binding on their respective heirs, executors, administrators, personal representatives, successors and assigns. This Agreement shall constitute a covenant running with the lands covered hereby.

The effective date of this Agreement shall be the date that a counterpart of this Agreement executed by Sunray Mid-Continent Oil Company is filed of record in Lea County, New Mexico, or the date that this Pooling Agreement is approved by order of the New Mexico Oil Conservation Commission, whichever occurs first.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above herein written.

"LEASE OWNER"

SUNRAY MID-CONTINENT OIL COMPANY

ATTEST:

_____ By _____
Vice President

"ROYALTY OWNERS"

DATE
