



CONTINENTAL OIL COMPANY

825 Petroleum Building
Roswell, New Mexico
January 29, 1960

Mr. Elvis A. Utz, Examiner
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

Re: Application for Forced
Pooling, Case No. 1875
held January 27, 1960

The attached photostatic copy is for your consideration in the subject case. This copy is being furnished as per your request of a signed Gas Communitization and Pooling Agreement by all of the operators involved.

Very truly yours,


J. A. QUEEN
Division Engineer

JAQ-PD
Enc.

KLH:AW

2/12/57

M-24-57

GAS COMMUNITIZATION AND POOLING AGREEMENT
BLINEBRY GAS POOL HORIZON
LOTS 6, 10, 11 AND 12, SECTION 3,
T-21-S, R-37-E
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, made and entered into the 15 day of February, 1957, by and between THE ATLANTIC REFINING COMPANY, a corporation, CONTINENTAL OIL COMPANY, a corporation, PAN AMERICAN PETROLEUM CORPORATION, a corporation, SHELL OIL COMPANY, a corporation, and STANDARD OIL COMPANY OF TEXAS, a corporation, hereinafter called "Operators", and the other parties who execute this instrument or approve, consent to, or ratify it by separate instrument, hereinafter called "Royalty Owners";

W I T N E S S E T H: That,

WHEREAS, Operators are the owners of leasehold or other operating interests in the Blinebry gas pool horizon in Lots 6, 10, 11 and 12, of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, which said interests are described in Exhibit "A", attached hereto and made a part hereof for all purposes; and

WHEREAS, Royalty Owners own, subject to Operators' rights, land, mineral rights, royalties, overriding royalties or other interests and rights in said Lots; and

WHEREAS, all of the parties desire to communitize and pool all their interests in said Lots in so far as the gas rights in the said Blinebry Gas Pool are concerned, (which said Lots as to said rights are hereinafter referred to as "Unit") in order to be consistent with existing rules and regulations governing well spacing and production allowables;

NOW, THEREFORE, in consideration of the premises, of the mutual covenants herein contained and of the mutual benefits to be derived herefrom, the parties hereto do hereby agree among themselves and with each other as follows:

I.

DEFINITIONS

For all purposes of this agreement, the following terms herein used are defined as follows:

(a) "Communitized Tracts" shall mean and include said Lots 6, 10, 11 and 12.

(b) "Oil" shall mean any liquid hydrocarbon, regardless of gravity, produced and capable of being produced in liquid form at the wellhead by ordinary production methods and which is not the result of the condensation of vaporous hydrocarbons after leaving the reservoir.

(c) "Gas" shall mean and be limited to all hydrocarbons and associated substances produced and capable of being produced, through a gas well or gas wells located on the Communitized Tracts, from the Blinebry Gas Pool, as described in Order No. R-464 of the New Mexico Oil Conservation Commission.

(d) "Gas Well" shall mean a well defined as a gas well by the Oil Conservation Commission of New Mexico.

(e) "Oil Well" shall mean a well producing oil and which is not a gas well as hereinabove defined.

(f) A dually completed well shall be treated and considered as a separate and distinct well in each zone of completion.

II.

UNIT FORMED

(a) Subject to the other provisions hereof, all leases and lands comprising the Communitized Tracts, together with all interests of Operators and Royalty Owners therein and thereunder, are hereby communitized for all purposes of this agreement in so far as gas in the said Blinebry Gas Pool and the rights therein and thereto are concerned, and Operators may develop and operate the Communitized Tracts for such purposes to the same extent and in the same manner as if all such lands and interests were covered by a single lease; provided, however, that nothing herein shall be deemed to result in the actual transfer of all or any part of any party's legal title in any Communitized Tract to any other party.

(b) This agreement shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the Communitized Tracts or any of the production of hydrocarbons from other than the Blinebry Gas Pool.

III.

PARTICIPATION

(a) On and after the effective date of this agreement there shall be allocated to each of the lots comprising the Communitized Tracts a certain portion, as hereinbelow provided, of the gas produced and saved from the Unit, after deducting that used for development and operation of the Unit in connection with gas and that lost in handling.

(b) Such allocation to the several lots shall be made on a net communitized acreage basis, each lot being allocated a portion of such gas in the ratio or proportion that the number of net communitized acres in such lot bears to the total number of net communitized acres in all of the said lots. All parties hereto agree that the number of gross acres designated in Exhibit "A" for each lot shall be conclusive upon the parties hereto for the purpose of making such allocations to the said lots and for all other purposes of this agreement.

(c) The Operator or Operators owning interests in a lot shall own and receive the gas so allocated to such lot, subject to the rights of Royalty Owners therein, and the rights of Operators and Royalty Owners to such gas so allocated or to the value thereof or proceeds therefrom shall be determined in accordance with the lease or leases and other contracts and interests affecting such lot to the same extent and in the same manner as if the gas so allocated to such lot had been produced therefrom and this agreement were not in effect.

(d) Each Operator individually shall be solely responsible and liable for payment to Royalty Owners and any other party or parties owning interests under each lease and interest contributed to the Unit by such Operator of all rentals, royalties, overriding royalties, payments out of production and other interests applicable or due with respect to gas. Payments of rentals, royalties, overriding royalties, payments out of production and other interests, with respect to gas, which are made upon the basis herein stipulated shall constitute full performance of all obligations to make such payments to Royalty Owners as to gas under the provisions of their several

leases and other contracts, and Royalty Owners hereby waive the payment of their royalty and other interests in the Unit on any basis other than as specified in this agreement.

IV.

EFFECT OF UNITIZATION - UNIT OPERATOR NAMED

(a) The drilling and reworking of wells and other operations on, and the production of gas from, any part of the Unit, in so far as such drilling, reworking operations and production involve gas and the rights therein and thereto, shall, except for the purpose of determining payments to Royalty Owners, be considered for all purposes as drilling, reworking and operations on and production of gas from each and all of the lands subject hereto, and such drilling, reworking operations or production shall be deemed to be operations or production as to each lease committed hereto.

(b) Shell Oil Company is named by Operators to have charge of unit operations hereunder. Should a vacancy in that position occur, a successor may be designated by the leasehold interests, each of whom shall have a voting power equal to the net mineral leasehold acres owned by it in the communitized tracts. Four executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

V.

EFFECTIVE DATE AND TERM

(a) Providing that it has been executed by Shell Oil Company, without whose execution it shall never be effective, this agreement shall become effective on the first day of the first calendar month after it is approved by the Oil Conservation Commission of the State of New Mexico.

(b) Once it becomes effective, this agreement shall continue for one year certain and thereafter until terminated by mutual agreement of the parties or the happening of any one of the following events:

1. The expiration or surrender of all of Operators' leases as to acreage within the Communitized Tracts;

2. The abandonment by Operators as a dry hole of a well drilled to or recompleted in the Blinebry Gas Pool on the

Communitized Tracts, or the completion by Operators of such well (if located on Lots 6, 10 or 11) as an oil well, at a time when there is no other well completed on the Unit capable of producing gas, or, after production of gas has been obtained on the Unit, the cessation of such production, provided, that termination shall not occur on the happening of any of such events if Operators commence additional drilling or reworking operations for the purpose of producing gas from the Unit within ninety (90) days after the happening of the event so long as such operations are prosecuted with no cessation of more than thirty (30) days and if such operations result in gas production so long as gas is produced, or still further operations for gas production from the Unit are being conducted on the Unit.

3. The completion on Lot 12 for production from the Blinebry Gas Pool reservoir of a well as an oil well; however, in the event of the completion of such a well on Lots 6, 10 or 11, this agreement shall terminate as to the lot on which the said well is located but shall remain in full force and effect as to the other lots.

VI.

GENERAL

(a) This agreement may be executed in counterparts, in which event all counterparts hereof shall be treated as one original instrument, or the same may be ratified by any party by a separate instrument in writing referring to this agreement.

(b) 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 statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, 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 law, order, rule or regulation.

(c) The Operators hereby agree to furnish the Secretary of the Interior, or his duly authorized representative, with the log and history of any Unit well or wells; the monthly report of operations; the statement of oil and gas runs and royalties, together with such 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 Tracts and outside the parcel leased by the United States.

(d) In connection with the performance of work under this agreement, the Operators agree not to discriminate against any employee or applicant for employment 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 Operators agree 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 Operators agree to insert this provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(e) This agreement shall supersede and amend all existing leases and other agreements covering the Communitized Tracts to the extent, but only to the extent, that the provisions thereof are in conflict with the provisions of this agreement. The undersigned owners of mineral and royalty interests under each lease covering land in the Communitized Tracts hereby declare such lease to be in full force and effect.

(f) This agreement shall extend to, be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, legal representatives and assigns, even though same is not executed by all of those parties owning mineral, royalty and similar interests in the Communitized Tracts, and shall constitute a covenant running with the leases and lands covered hereby.

(g) Nothing contained in this agreement shall inure to the benefit of any party who is not bound by this agreement.

IN TESTIMONY WHEREOF, this instrument is executed as of the day and year first written above.

ATTEST:

Secretary

OPERATORS:

THE ATLANTIC REFINING COMPANY

By _____

President

**EXHIBIT A TO GAS COMMUNITIZATION AND
POOLING AGREEMENT DATED
1957, EMBRACING THE BLINEBRY GAS POOL
FORMATION UNDER LOTS 6, 10, 11 AND 12,
SECTION 3, T-21-S, R-37-E, LEA COUNTY,
NEW MEXICO.**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1:

Lessors: M. F. Taylor and wife, Anna Taylor, and N. O. Glenn
and wife, Frances Glenn.

Lessee of Record: Shell Oil Company.

Date of Lease: April 13, 1939.

Description of Lands Committed: Lots 6, 10, and 11, Section 3,
T-21-S, R-37-E, Lea County, New Mexico.

Number of Acres: 40 acres in each of said lots - an aggregate of 120
acres in the three lots.

Working Interest and Percentage: Shell Oil Company 100% subject to
production payments and overriding
royalties listed below.

O.R.R.I. and Percentage: Lots 6 and 11 - Production payments payable
out of 1/8 of 7/8 owned as follows:
L. H. Puckett et ux, Lela W. Puckett - 25%
Cecil H. Kyte, Trustee for David Bond
Kyte under declaration of trust dated
May 24, 1941, executed by C. H. Kyte
et ux, Mariee I. Kyte - 25%
Betty M. Dreesen - 25%
Max W. Coll II -.0625
James N. Coll -.0625
Charles H. Coll -.0625
Jon F. Coll -.0625

Lot 10 - Overriding Royalty of 1/8 of 7/8,
owned as follows:
J. B. Headley - 25%
W. R. Hines - 25%
Howard P. Holmes - 25%
J. C. Crain - 25%

Provision of Fee Lease Authorizing Pooling: None

Tract No. 2:

Lessor: United States of America

Lessee of Record: Estate of Wilbur C. Hawks, deceased

Serial No. of Lease: LC-031741(b)

Date of Lease: January 13, 1938

Description of Lands Committed: Lot 12, Section 3, T-21-S, R-37-E,
Lea County, New Mexico.

Number of Acres: 40

Working Interest and Percentage: The Atlantic Refining Company - 25%
Continental Oil Company - 25%
Pan American Petroleum Corp. - 25%
Standard Oil Company of Texas - 25%

O.R.R.I. and Percentage: None

Provision of Lease Authorizing Pooling: None