



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 669 • ROSWELL, NEW MEXICO

F. E. CURTIS, JR.
ZONE LANDMAN

October 15, 1956

FORT WORTH
PRODUCTION DIVISION

L. W. White (NCT-A)
Eumont Gas Unit No. 1 -
E/2 Section 25-20S-36E,
Lea County, New Mexico.
Gulf's L. W. White Lease
No. 18,005.
Administrative Order NSP-170.

Oil Conservation Commission
Box 871
Santa Fe, New Mexico
Attention: Mr. A. L. Porter

Oil Conservation Commission
1200 West Broadway
Hobbs, New Mexico
Attention: Mr. R. F. Montgomery

Gentlemen:

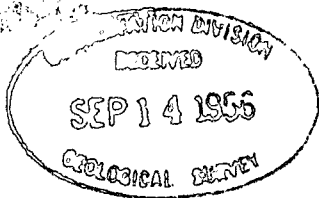
We enclose herewith, for your information and file, a copy of the communitization agreement between Gulf and Stanolind Oil and Gas Company, covering the above described tract, which was approved by the Acting Director of the U. S. G. S. on September 21, 1956.

It is requested that the gas allowable for Gulf's L. W. White No. 2 well located 660 feet from the east line and 1980 feet from the south line of Section 25-20S-36E, now be increased in accordance with Administrative Order NSP-170.

Very truly yours,

F. E. CURTIS, JR.

SHC:dm
Enc.



APPROVAL - CERTIFICATION - ESTABLISHMENT

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. sec. 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 the $\frac{1}{4}$ of Section 25, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, down to but not below the base of the Gamba formation, as to dry gas and associated liquid hydrocarbons producible from such depths and formations.
- 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 SEP 21 1956

Contract No. 14-08-001-3439

John C. Reed
Director

United States Geological Survey

COMMUNITIZATION AGREEMENT

Contract No. 14-08-001-3439

THIS AGREEMENT entered into as of the 1st day of September, 1955, 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 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 promises 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:

The East Half (E $\frac{1}{2}$) of Section 25, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, within the vertical limits of the Eumont Gas Pool as defined by New Mexico Oil Conservation Commission Order No. R-520,

containing 320 acres, more or less.

and this agreement shall extend to and include only those depths and formations underlying said land within the Eumont Gas Pool and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such gas pool.

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 or pooling any patented or fee lands within the communitized area.

3. All matters of operations 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.

4A. Fair Employment. In connection with the performance of work under this agreement, the operator agrees 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 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.

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 otherwise be 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 at any depth or 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 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 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 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 representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

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 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 approval by the Secretary of the Interior.

13. 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.


14. 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 a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. This agreement, particularly the provisions of paragraph 6 above, shall extend and apply to all renewals and extensions (whether by new lease or otherwise) of the respective leases mentioned in the attached Exhibit A, and to all leases which may be executed or issued in lieu of or as a substitute or exchange for any of said leases or renewals or extensions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.


W. M. CRAIG
Secretary

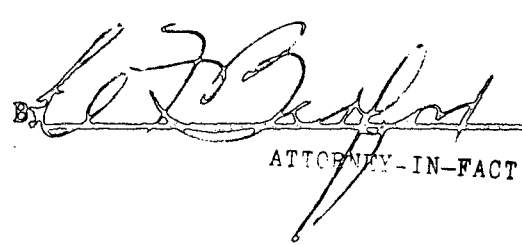
GULF OIL CORPORATION

By 
Vice-President

Date _____

STANOLIND OIL AND GAS COMPANY


ASSISTANT SECRETARY

By 
ATTORNEY-IN-FACT

APPROVED


STATE OF TEXAS

COUNTY OF TARRANT

SS

On this 21st day of January, 1956, before me personally appeared H. M. BAXER, to me personally known, who being by me duly sworn did say that he is the Vice-President of GULF 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 by authority of its Board of Directors, and the said H. M. BAXER 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 on this, the day and year last above written.

Eva Marie Gamm
Notary Public in and for Texas

My commission expires:

JUN 1 1957

STATE OF Texas

COUNTY OF Tarrant

SS

On this 27th day of April, 1956, before me personally appeared Earl Bealford, 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 the said Earl Bealford 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 on this, the day and year last above written.

Dorothy E. Dickson
Notary Public

My Commission expires:

January 1957

Exhibit A to Communitization Agreement
dated May 9, 1955, embracing the E $\frac{1}{2}$ of
Section 25, Township 20 South, Range
36 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: Gulf Oil Corporation

Description of Leases Committed

Tract No. 1

Lessor: W. W. White and Ida A. White, his wife; A. H. Hudspeth, single;
J. O. Seth and Bernice G. Seth, his wife, and H. R. White and
Jessie White, his wife.

Lessee: Gypsy Oil Company, a Corporation (Assigned to Gulf Oil Corporation)

Date of Lease: October 1, 1935

Description of Lands Committed: E $\frac{1}{2}$ E $\frac{1}{2}$ and W $\frac{1}{2}$ S $\frac{1}{2}$ E $\frac{1}{2}$, Section 25, Township 20
South, Range 36 East

Number of Acres: 240

Working Interest and Percentage: Gulf Oil Corporation .87500

Royalty Interest and Percentage:

W $\frac{1}{2}$ S $\frac{1}{2}$ E $\frac{1}{2}$ - Section 25, Township 20 South, Range 36 East	
Anderson-Prichard Oil Corporation	.014062
Nathan Calvin	.005859
Grace M. Jones and Oliver Seth, Trustees	.007812
Weston Payne	.000782
W. L. Pickens	.007812
J. O. Seth	.007813
Townro Oil Company	.001953
E. H. Wahl	.000782
L. W. White	.078125

E $\frac{1}{2}$ E $\frac{1}{2}$ - Section 25, Township 20 South, Range 36 East	
Grace M. Jones and Oliver Seth, Trustees	.007812
J. O. Seth	.007812
H. R. White	.054688
Ida A. White	.054688

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

(Working Interest Owner has executed Communitization Agreement. Royalty
Interest Owners have approved Communitization Agreement.)

Tract No. 2

Lessor: United States of America

Lessee: Stanolind Oil and Gas Company

Serial No. of Lease: LC-031736 A

Date of Lease: March 30, 1937

Description of Lands Committed: ~~W¹/4~~, Section 25, Township 20 South,
Range 36 East

Number of Acres: 80

Working Interest and Percentage: Stanolind Oil and Gas Company .87500

Realty Interest and Percentage: United States of America .05000

O.R.R.I. and Percentage:

Walter Payne	20/448 of 1%
R. W. Brauchli	10/448 of 1%
Andorosa-Prichard Oil Corporation	174/448 of 1%
Olivio J. Gilluly	1%
Roy P. Delloy and Doris M. Delloy	1/4 of 1%
Ethel R. Ponce	1/4 of 1%
Ross B. Wheatley	1/2 of 1%
Samuel H. Marshall, et al, Co-Executors	5%
W. E. Wahl	20/448 of 1%

(Working Interest Owner has executed Commitment Agreement. Realty
Interest Owner is being requested to approve Commitment Agreement.)