Case No
4310

Large Exhibits

N.A.R.A.C.F. MICROGRAPHICS

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BEFORE EXAMINER
OIL CONSERVATION COMM.
EXHIBIT NO. 1
CASE NO. 1310

Form 91—(Producer's Revised)(NEW MEXICO)—Rockbest Printing & Stationery Co., Tulsa, Okla.

3-3-59

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 17th day of February, 19 59, by and between Lou T. White, a widow; J. P. White, Jr., and Mary B. White, his wife; Tom D. White and Gretchen S. White, his wife; and H. H. McGee, and Zoa White McGee, his wife, parties hereof of the first part, hereinafter called lessor (whether one or more) and Gilbert Bright, party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten and No/100 - - - - - - - - - - DOLLARS cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto the said lessee for the purpose of mining and operating for all oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situate in Co County of Chaves, State of New Mexico, described as follows, to-wit:

Ek Section 13, Twp. 10S, Rge. 27E
and Wk Section 18, Twp. 10S, Rge. 28E

Normally 1/8th

and containing 640.38 acres, more or less

It is agreed that this lease shall remain in force for a term of five years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by lessee.

In consideration of the premises the said lessee covenants and agrees:

First. The lessee shall deliver to the credit of lessor or royalty, free of cost in the pipe line to which lessee may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or, at lessee's option, may pay or tender at the well or to the lessor the market price for all of the grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.

Second. To pay lessor for gas from each well where gas only is found, the equal one-eighth (1/8) of the gross proceeds at the prevailing market rate, for all gas sold or used off the premises or in the manufacture of gasoline or other products therefrom, payment to be made monthly, provided however, that lessee shall have the right to use such gas free of charge in all operations conducted on said land, during the same time by making its own connections with the well at its own risk and expense.

Third. To pay lessor for gas produced from any oil well leased out of the premises, or for the manufacture of casinghead gasoline or dry commercial gas, one-eighth (1/8) of the gross proceeds at the prevailing market rate for the gas during which time such gas shall be used, said payments to be made quarterly.

If no well be commenced on said land on or before the 17th day of February, 19 60, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the First National, Bank at Roswell, New Mexico, or its successor or successors, as may be lessor's depository agent for receiving payments regardless of changes in the ownership of said land, the sum of Six hundred forty dollars and 38/100 - - - - - - - - - ($640.38) DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of like successive numbers of months successively. And it is understood and agreed that the consideration first recited herein, the receipt of which is hereby acknowledged, shall be full consideration for all rentals which may be payable as aforesaid, for the full term of this lease, and all privileges granted, and that all rentals shall be paid or tendered to the lessor or to the lessor's credit in the depository bank above mentioned, or its successors, on or before the rental paying date. Payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of each person.

Should the first well drilled on the above described land be a dry hole or cease to produce, then and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the manner and amount and upon the terms and conditions provided for in this lease, and in like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods successively. And it is agreed that upon the resumption of the payment of rentals, as herein provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in proportion which his interest bears to the whole and undivided fee.

Second. Lessee shall drill and operate with reasonable diligence and dispatch every well which may be commenced on said land for the production of oil or gas, except as hereinafter otherwise provided for, unless consented to by the lessor, lessee shall have the right to drill three wells on said premises, without the written consent of the lessor.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said lands.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

Third. If prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, any federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's obligation to comply with such covenant shall be suspended, and lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations thereon or from producing oil or gas hereunder; and the time while lessee is so prevented by any such cause from conducting drilling or reworking operations thereon or from producing oil or gas hereunder shall not be counted against lessee, anything in this lease to the contrary notwithstanding. Lessee shall have the right at any time to surrender this lease in whole or in part to lessor by delivering or mailing a release to lessor or by placing a release of record in the proper county.

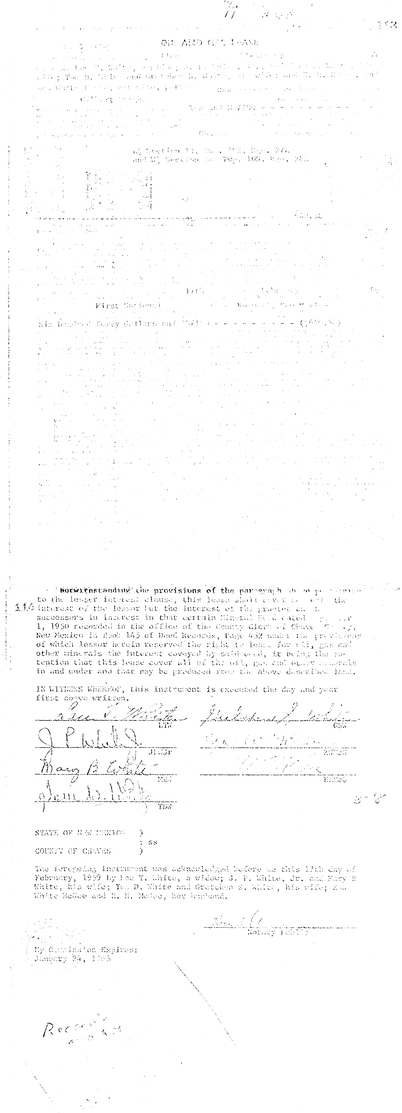
Fourth. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor does hereby agree that this lease may be assigned in whole or in part to the extent of the assignment, and that the assignee or assignees, by paying to lessor the amount due him hereunder, may withhold payments due to the extent of such assignment until the assignee or assignees have furnished lessor with a recorded instrument or certified copy thereof.

Fifth. In the event lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalty and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

Sixth. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby be relieved of all obligations thereafter accruing as to the acreage surrendered.

Seventh. All express or implied covenants of this lease shall be subject to all Federal and State laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

Eighth. Lessor agrees that lessee shall have the right to unitize, pool or combine all or any part of the above described lands as to any or all minerals or horizons thereunder, with any other lands or interests, as to any or all minerals or horizons thereunder, and the terms, conditions, and provisions of this lease shall be satisfied by the drilling or reworking operations or the production of oil or gas from or the payment of shut-in royalty attributable to any part or parts of the lands covered hereby, whether or not the wells be located on the part or parts of the lands covered by this lease and the entire acreage so pooled or combined shall be treated, for all purposes except the payment of royalties on production from the pooled acreage, as if the drilling or reworking operations were conducted upon or the production were from the lands covered by this lease



Notwithstanding the provisions of the paragraph [illegible] to the longer interest claims, this lease shall [illegible] the interest of the lessee but the interest of the parties and [illegible] successors in interest in that certain Mineral Lease dated [illegible] 1, 1950 recorded in the office of the County Clerk [illegible] San Benito in Book 145 of Deed Records, Page 432 under the provisions of which lessor herein reserved the right to lease for oil, gas and other minerals the interest covered by said deed, it being the intention that this lease cover all of the oil, gas and other minerals in and under and that may be produced from the above described land.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

Lessor

Lessor

Lessor

Lessor

Lessor

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 17th day of February, 1959 by Leo T. White, a widow; J. P. White, Jr. and Mary B. White, his wife; Tom B. White and Gretchen S. White, his wife; Zoe White Reece and H. H. Reece, her husband.

Notary Public

My Commission Expires:
January 24, 1963

Recorded

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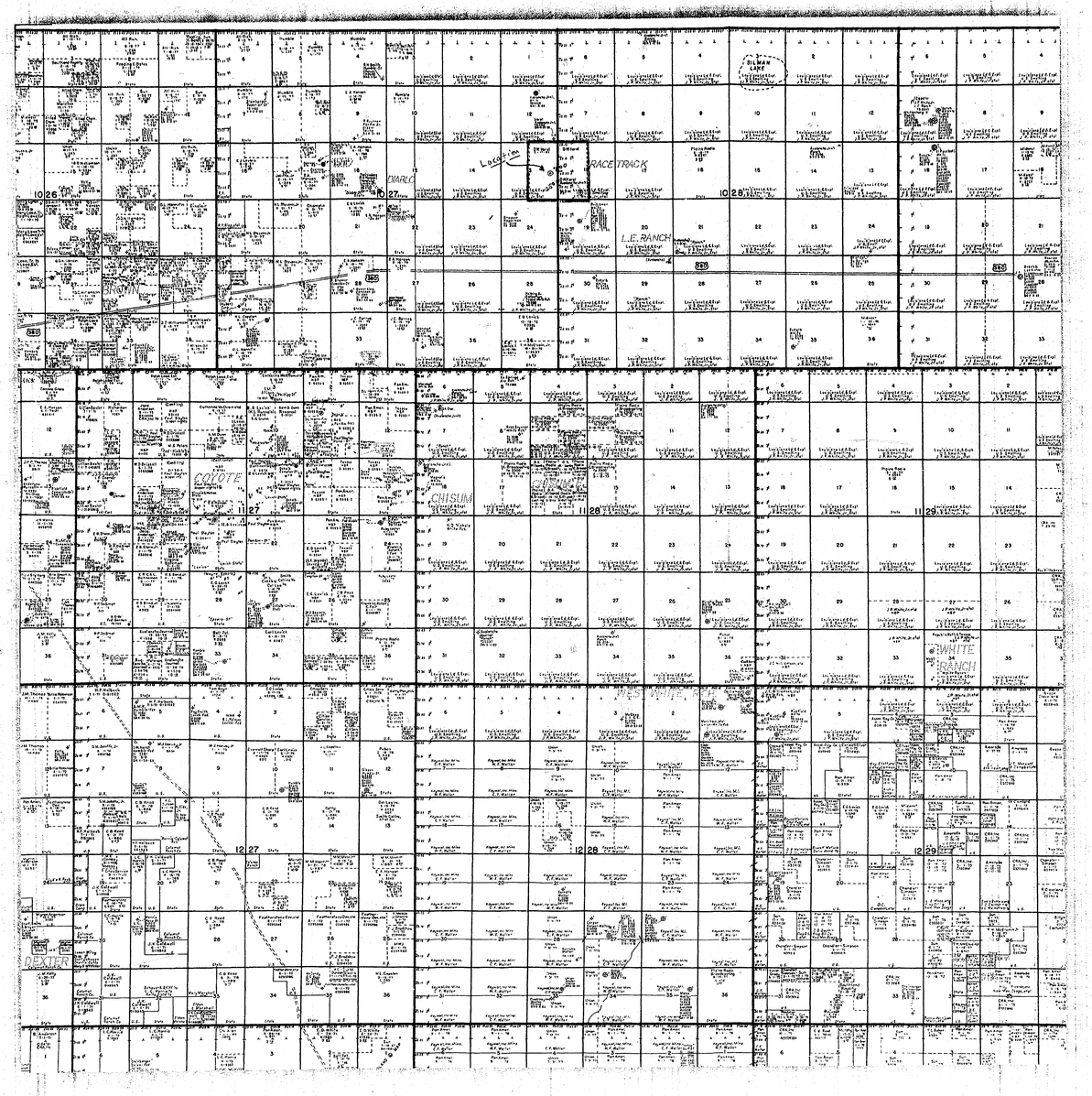

N.M.C.F. MICROGRAPHICS

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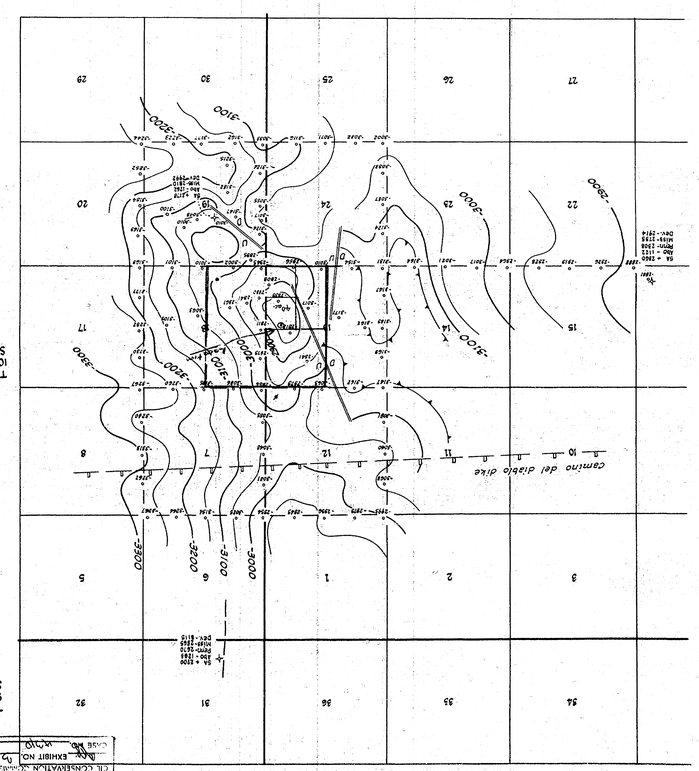
REFLECTION SEISMIC SURVEY

CAMINO DEL DIABLO PROSPECT

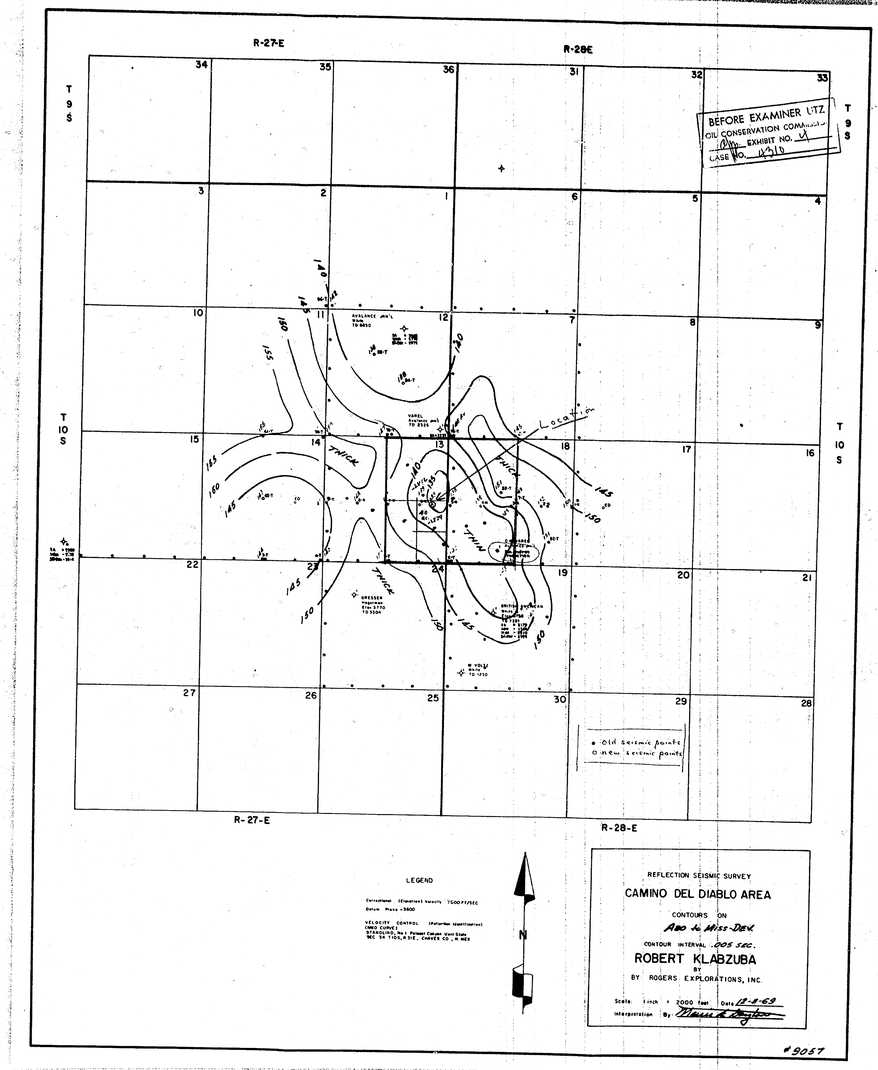
CHAVES COUNTY, NEW MEXICO

TOP OF DEVONIAN

SCALE: 1"= 2000' CONTOUR INTERVAL=50'



BEFORE EXAMINER UTZ
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 9710



N.M.O.C.C. MICROGRAPHICS
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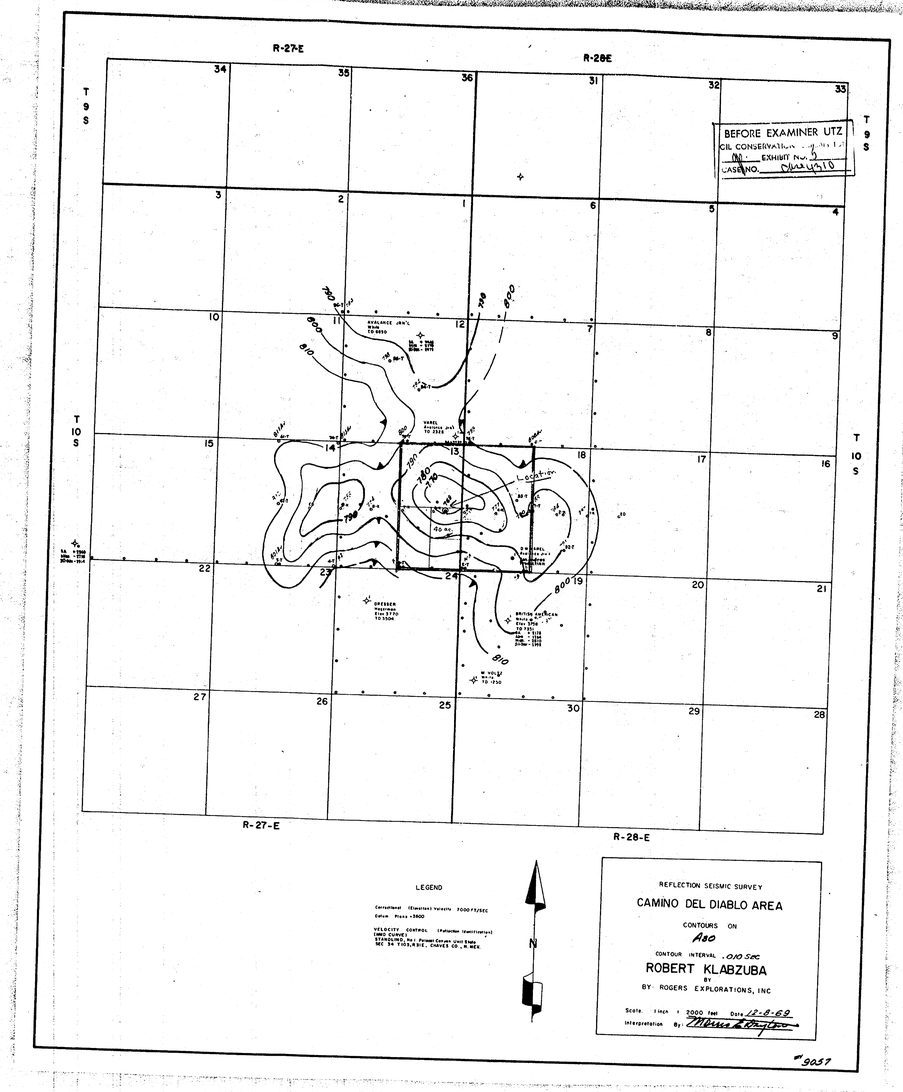

N.M.O.C.D. MICROGRAPHICS
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