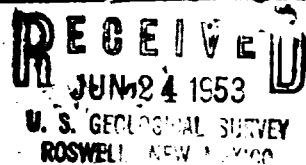


COMMUNICATION AGREEMENT



14-08-001-931

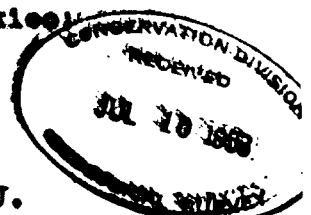
THIS AGREEMENT made and entered into this 11th day of

April, 1952, by and between the undersigned Gulf Oil Corporation, James H. Snowden and wife, Frances Gardner Snowden, Fred J. Brotherton and wife, Marion B. Brotherton, Leslie B. Gardner and wife, Antoinette M. Gardner, Elmer L. Lockwood and wife, Florence Lockwood, W. E. Irvin and wife, Helen Irvin, George A. Melhaus, Jr. and wife, Margaret Melhaus, and Gus Layton and wife, Delight Layton, hereinafter referred to as "Lessees", The Fort Worth National Bank, Executor and Trustee Under the Will of R. S. Magruder, Deceased, and Helen Magruder, widow of R. S. Magruder, hereinafter referred to as "Override Owners", and L. E. Hults and wife, Mabel Hults, hereinafter referred to as "Oil Payment Owners".

WITNESSETH: THAT,

WHEREAS, Gulf Oil Corporation is the present owner of that certain oil and gas lease executed by Commissioner of Public Lands of the State of New Mexico as Lessor under date of February 29, 1933, and bearing Lease No. R-1732 embracing among other lands the following described lands in Lea County, New Mexico:

NE 1/4 of Section 33, Township 24 South, Range 38 East, containing 40 acres more or less; and



WHEREAS, by assignments, James H. Snowden, Fred J. Brotherton, Leslie B. Gardner, Elmer L. Lockwood, W. E. Irvin, George A. Melhaus, Jr. and Gus Layton are the present owners and holders of United States Oil and Gas Lease LC-069752 executed in favor of R. S. Magruder as Lessee under date of June 1, 1951, by the United States of America as Lessor, embracing among other lands the following described lands in Lea County, New Mexico:

Lot 1, Section 33, Township 24 South, Range 38 East, containing 7.21 acres more or less; and

WHEREAS, Helen Magruder and The Fort Worth National Bank, Executor and Trustee Under the Will of R. S. Magruder, are the present owners and holders of an overriding royalty under the above described portion of Federal Oil and Gas Lease LC-069752 of five (5%) percent of the value, based upon the field market price at the well, of oil and/or gas produced, saved and marketed from said lease.

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WHEREAS, L. E. Halls is the present owner and holder of an oil payment under the described portion of Federal Oil and Gas Lease LO-069752 of 1/32 of 7/8 of the first oil, gas or casinghead gas produced from the above described property, until he shall have received proceeds therefrom equal to \$1,000.00 for each mineral acre, and

WHEREAS, said overriding royalty interest and said oil payment constitute all overriding royalty interest or oil payments existing on the hereinabove described leases and acreage; and

WHEREAS, the parties hereto desire to communitize their respective interests in the above described oil and gas leases in order to form one tract or unit described as follows:

NE 1/4 and Lot 1 of Section 33, Township 24 South, Range 38 East, containing 47.21 Acres more or less; and

WHEREAS, on April 11, 1952, the Oil Conservation Commission of New Mexico by its Order No. R-144, a copy of which is attached hereto and marked Exhibit "A", communitized the two above described tracts into one tract and provided for an allowable of 47/40 of the top unit allowable to said tract now located by order of the Oil Conservation Commission of New Mexico within the West Dallarhide Pool, Lea County, New Mexico; and

WHEREAS, in order to be consistent with the rules and regulations covering well spacing and production allowables, Lessees desire to operate the communitized unit for the purpose and intention of developing and producing oil, gas and casinghead gas 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 as follows:

1. The land subject to this agreement shall be developed and operated for oil, gas and casinghead gas producible from all

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formations as an entirety, with the understanding that such oil, gas or casinghead gas produced from the communitized tract shall be allocated between the leaseholds comprising said tract in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. Each party hereto reserves the right to take its allocated proportion of the communitized production in kind. The royalties and overriding royalties payable on the production 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 lessees to offset any producing well or wells on separate component tracts into which said communitized tract is now or may hereafter be divided, nor shall said lessees be required to separately measure oil, gas or casinghead gas by reason of the diverse ownership of said substances and under said tract, but lessees shall not be released from their obligation to protect said communitized tracts from drainage of oil, gas and casinghead gas from any 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.

2. Except as herein modified and changed said oil and gas leases hereinabove described shall remain in full force and effect as originally drawn.

3. The commencement, completion, continued operation or production of a well or wells 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 operations or production pursuant to this agreement shall be deemed to be operations or production under each lease committed hereto.

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4. All production of oil, gas and casinghead gas 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. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which effect 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 and regulations.

5. Gulf Oil Corporation shall be the Operator of said communitized tract and all matters of operation shall be governed by the Operator.

6. This agreement shall be effective as of the date hereof upon approval by the Director of the Geological Survey and by the Commissioner of Public Lands of the State of New Mexico and shall remain in force and effect for a period of 2 years after its effective date and so long thereafter as oil, gas or casinghead gas is 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 with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

7. Operator of said communitized tract hereby agrees to furnish the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior or his duly authorized representatives with the log and history of any well or wells; monthly report of operations; statement of oil and gas runs and royalties, together with such other reports as are deemed necessary to compute monthly the royalty due the State of New Mexico and the

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United States, as specified in the applicable oil and gas operating regulations for any well within the communitized tract.

8. The Secretary of the Interior, or his representatives, shall have the right of supervision over all operations upon Federal lands within the communitized tract and the Commissioner of Public Lands of the State of New Mexico shall have the right of supervision over all operations upon state lands to the extent and degree as provided in the respective oil and gas leases.

9. Operator, in its operations hereunder, shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin and an identical provision shall be incorporated in all subcontracts.

10. 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 or his authorized representative and as to state lands shall be subject to approval by the Commissioner of Public Lands of the State of New Mexico.

11. It is specifically understood that the term "oil, gas and casinghead gas" where used in this agreement is intended to and shall include all other hydrocarbon substances.

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

13. This agreement may be executed in one or more counterparts by the parties hereto and all counterparts so executed shall be taken as a single agreement and shall have the

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same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement effective as of the day and year first above written.

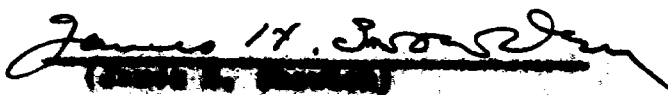
RECORD TITLE HOLDERS

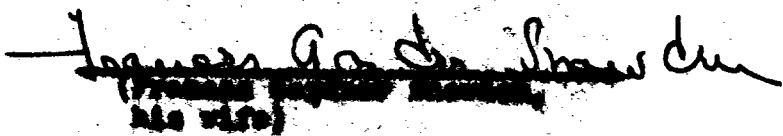
GULF OIL CORPORATION (CORPORATOR)

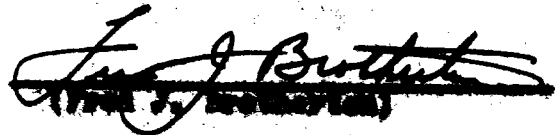
ATTEST:

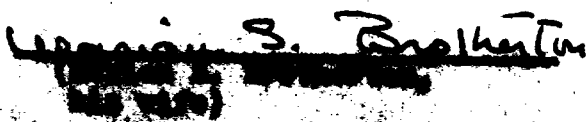
  
Assistant Secretary  
H. M. CRAIG

  
Vice President

  
James H. Brown

  
James G. Brown  
his wife

  
J. J. Brubaker

  
William S. Brubaker  
his wife

  
William S. Brubaker

  
William S. Brubaker  
his wife

  
William S. Brubaker

  
William S. Brubaker

  
William S. Brubaker

  
William S. Brubaker

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George A. Meibaus Jr.  
(SIGNED AS PRESIDENT, ETC.)

Margaret Meibaus  
(SIGNED AS VICE PRESIDENT, ETC.)

Geo. Layton  
(SIGNED AS VICE PRESIDENT, ETC.)

Walter Layton  
(SIGNED AS VICE PRESIDENT, ETC.)

**SECRETARY**

Helena Marguvala  
(SIGNED AS SECRETARY, ETC.)

THE FORD FORD NATIONAL BANK  
IN ITS CAPACITY AS DEPOSITARY AND  
TRUSTEE UNDER THE WILL OF J. H.  
FORD, DECEASED.

W. H. Layton  
(SIGNED AS VICE PRESIDENT, ETC.)

ATTEND:

P. S. Barton  
Assistant Cashier

**DE. BARTON, CHIEF**

L. B. Kith  
(SIGNED AS VICE PRESIDENT, ETC.)

Walter Layton  
(SIGNED AS VICE PRESIDENT, ETC.)

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STATE OF TEXAS

COUNTY OF TARRANT

On this 2d day of June, 1953, before me personally appeared F. J. ABAMS, 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 the foregoing 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 F. J. ABAMS 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 first above written.

My Commission expires:

June 1, 1954

Eva Marie Cooper  
Notary Public

STATE OF TEXAS

COUNTY OF TARRANT

On this 18th day of May, 1953, before me personally appeared JAMES M. SNOWDEN and FRANCES GARDNER SNOWDEN, his wife, 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 official seal, the day and year in this certificate first above written.

My Commission expires:

June 1, 1953

M. Loosinger  
Notary Public

STATE OF TEXAS

COUNTY OF TARRANT

On this 1st day of June, 1953, before me personally appeared ELLIEN KASPER, a widow, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

My Commission expires:

My Commission Expires June 1, 1954

Ruth Ragon Mayo  
Notary Public  
RUTH RAGON MAYO  
Notary Public, Tarrant County, Texas

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STATE OF New Jersey  
COUNTY OF Bergen

On this 21 day of May, 1953, before me personally appeared FRED J. BROTHERTON and MARION S. BROTHERTON, his wife, 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 official seal, the day and year in this certificate first above written.

Edgar Brouman  
Notary Public  
NOTARY PUBLIC OF NEW JERSEY

My Commission expires:  
MY COMM. EXPIRES  
MARCH 23, 1954

STATE OF TEXAS  
COUNTY OF Tarrant

On this 14th day of May, 1953, before me personally appeared LESLIE B. GARDNER and ANTOINETTE A. GARDNER, his wife, 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 official seal, the day and year in this certificate first above written.

M. Gerspinger  
Notary Public

My Commission expires:  
June 1-1953

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STATE OF TEXAS  
COUNTY OF TARRANT

On this 18th day of May, 1953, before me personally appeared ELMER L. LOCKWOOD and FLORINE LOCKWOOD, his wife, 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 official seal, the day and year in this certificate first above written.

M. Gerspinger  
Notary Public

My Commission expires:  
June 1-1953

STATE OF TEXAS

COUNTY OF TARRANT

On this 2nd day of June, 1953, before me personally appeared F. O. MILLER, to me personally known, who, being by me duly sworn did say that he is the Vice President and Trust Officer of the First North National Bank and that the seal affixed to the foregoing 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 F. O. MILLER acknowledged said instrument to be the free act and deed of said corporation in its capacity as Executor and Trustee Under the Will of R. S. Magruder, deceased.

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

My Commission expires:

June 1, 1955

Queth Ragon Mayo  
Notary Public

REINHARDT MAYO

Notary Public - Tarrant County, Texas

STATE OF TEXAS

COUNTY OF TARRANT

On this 2nd day of June, 1953, before me personally appeared R. S. MILLER, his wife, 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 official seal, the day and year in this certificate first above written.

My Commission expires:

June 1, 1955

Emma Barnett  
Notary Public

The foregoing Communitization Agreement approved this

11 day of June, 1953.

C. Walker  
Commissioner of Public Lands  
of State of New Mexico

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STATE OF TEXAS  
COUNTY OF TARRANT

On this 18th day of May, 1951, before me personally appeared W. E. IRVIN and HELEN IRVIN, his wife, 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 official seal, the day and year in this certificate first above written.

M. C. Thompson  
Notary Public

My Commission expires:

June 1-1952

STATE OF TEXAS  
COUNTY OF TARRANT

On this 18th day of May, 1951, before me personally appeared GEORGE A. MEIRHAUS, JR. and HELEN MEIRHAUS, his wife, 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 official seal, the day and year in this certificate first above written.

M. C. Thompson  
Notary Public

My Commission expires:

June 1-1952

STATE OF TEXAS  
COUNTY OF TARRANT

On this 18th day of May, 1951, before me personally appeared GUS LAYTON and WILSON LAYTON, his wife, 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 official seal, the day and year in this certificate first above written.

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M. C. Thompson  
Notary Public

My Commission expires:

June 1-1952

**A PROVAL - CERTIFICATION - DECISION**

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. 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 C.F.R. sec. 4.618, 12 C.F.R. 6784, I do hereby:

- A. Approve the attached communitization agreement covering the NE¼NW¼ and Lot 1, Sec. 33, T2N, R. 36 E., Lea County, New Mexico, in the East Dollarhide Pool as to all oil, gas and casinghead gas produced therefrom.
- B. Determine that the portion of the Federal leasehold committed to the attached agreement cannot be independently developed and operated in conformity with the accepted well-spacing pattern for the East Dollarhide Pool and that consummation 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 committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

It is understood that this approval of the foregoing instrument does not constitute approval of any assignment, overriding royalty or oil payment not heretofore or hereafter approved by the Bureau of Land Management.

JUL 10 1953

Dated \_\_\_\_\_, 1953.

*William H. Baker*  
Acting Director, United States  
Geological Survey

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