

UNITIZATION AGREEMENT

STATE OF NEW MEXICO )  
                          ) SS  
COUNTY OF LEA       )

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1952, by and between Humble Oil & Refining Company, a corporation, authorized to do business in the State of New Mexico, hereinafter referred to as "Humble", and Stanolind Oil and Gas Company, a corporation, authorized to do business in the State of New Mexico, hereinafter referred to as "Stanolind":

W I T N E S S E T H:

THAT WHEREAS, Humble is the present owner and holder of that certain oil and gas lease dated June 6, 1932, bearing No. B-934, made and entered into by and between the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and Humble Oil & Refining Company, as Lessee, covering, among other land, the following described land in Lea County, New Mexico, to-wit:

NE/4 of SE/4 of Sec. 16, T-24-S, R-37-E,  
containing 40 acres, more or less; and

WHEREAS, Stanolind is the present owner and holder of that certain oil and gas lease dated March 10, 1934, bearing No. B-2616, made and entered into by and between State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and Stanolind Oil and Gas Company, as Lessee, covering, among other land, the following described land in Lea County, New Mexico, to-wit:

SE/4 of SE/4 of Sec. 16, T-24-S, R-37-E,  
containing 40 acres, more or less; and

WHEREAS, in order to more properly conserve the oil and gas resources in and under the above described land, prevent waste, and secure other benefits obtainable through unitization and cooperative operations, the parties hereto desire to unitize the above described oil and gas leases insofar as said leases cover the above described land in order to form one tract or unit described as follows:

E/2 of SE/4 of Sec. 16, T-24-S, R-37-E,  
Lea County, New Mexico, containing 80  
acres, more or less, as to all depths  
below the base of the Permian System  
(said land as to said depth being some-  
times hereinafter referred to as the  
"unitized area"); and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by statute to consent to or approve this agreement on behalf of the State of New Mexico and is also authorized by statute to amend any oil and gas lease embracing State land so that the terms of said leases may conform to the terms of Unit Agreements, insofar as such Agreements cover and include lands of the State of New Mexico, and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by statute to approve this Agreement and the conservation provisions hereof.

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is covenanted and agreed by and between the parties hereto that the land subject to this agreement shall be developed and operated for oil and gas producible from formations below the base of the Permian System as an entirety, with the understanding and agreement that the oil and gas, including the royalty payable to the State of New Mexico, so produced from the unitized area and formations shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold (insofar as they are unitized hereunder) bears to the entire acreage interest committed hereto. That despite anything herein to the contrary the State of New Mexico shall be entitled to take its royalty in kind as its share of the unitized oil and gas allocated to the respective leases and in such case the operator shall make delivery of such royalty oil in accordance with the terms of the respective leases. That subject to the terms hereof, royalties due the State of New Mexico and the rentals provided for in the above leases shall be determined and paid on the basis prescribed in the said respective leases. There shall be no obligation on the parties hereto to offset any wells completed in formations below the base of the Permian System on separate component tracts into which said unitized area is now or may hereafter be divided, nor shall said parties be required to separately measure oil or gas produced from the unitized area by reason of the diverse ownership of the oil and gas in and under said area, but the parties hereto shall not be released from their obligation to protect said unitized area from drainage by a well which may be drilled offsetting said area.

It is further agreed that the commencement, completion, continued operation or production of a well or wells on the unitized area shall be construed and considered as the commencement, completion, continued operation or production from each and all of the lands within and comprising said unitized area and that operations or production pursuant to this agreement shall be deemed to be operations or production under the provisions of each lease committed hereto.

Humble shall be the operator of said unitized area and all matters of operation, adjustments between the parties hereto and payment of royalties and rentals shall be governed by that certain operating agreement of even date herewith entered into by and between the parties hereto, covering the unitized area.

This agreement shall be effective as of the date hereof upon approval by the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, and shall remain in force and effect for a period of two years and so long thereafter as oil and gas is produced in paying quantities from any part of the unitized area.

Except as herein modified the above described oil and gas leases shall remain in full force and effect as originally written.

EXECUTED as of the day and year first hereinabove written.

ATTEST:

HUMBLE OIL & REFINING COMPANY

\_\_\_\_\_  
Secretary

BY

\_\_\_\_\_  
President

ATTEST:

STANOLINE OIL AND GAS COMPANY

\_\_\_\_\_  
Assistant Secretary

BY

\_\_\_\_\_  
Attorney in Fact

STATE OF TEXAS            )  
                                  ) 31  
COUNTY OF                    )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1952, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn did say that he is the \_\_\_\_\_ President of Humble Oil & Refining 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 said \_\_\_\_\_ 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 seal on this, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
County, Texas.

My Commission Expires \_\_\_\_\_

STATE OF TEXAS            )  
                                  ) 32  
COUNTY OF TARRANT        )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1952, before me appeared \_\_\_\_\_, 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 said \_\_\_\_\_ 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 seal on this, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for Tarrant  
County, Texas

My Commission Expires \_\_\_\_\_