

MAIN OFFICE 000

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COMMUNITIZATION AGREEMENT  
Contract No. \_\_\_\_\_

*Copy Sent  
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R-689*

THIS AGREEMENT entered into as of the 1st day of November, 1956, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

WITNESSETH:

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 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 premises 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 South-half (S/2) and Northwest Quarter (NW/4) of Section 34, Township 20-South, Range 37-East, NMPM, Lea County, New Mexico,

within the vertical limits of the Eumont Gas Pool, Lea County, New Mexico, as defined by the New Mexico Oil Conservation Commission in its Order No. R-520, containing 480-acres, more or less, and

THIS AGREEMENT shall extend to and include only those depths and formations underlying said land within the vertical limits of the Eumont Gas Pool as defined in Order No. R-520 of the New Mexico Oil Conservation Commission, and the dry gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances", producible from such depths and formations.

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 operation 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 non-discrimination 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 upon 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 one (1) year 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.

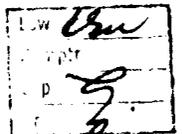
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written, and have set opposite their respective names the date of execution.

Date 10-24-56

Attest  
H. M. Calkins, Secretary

GULF OIL CORPORATION

By Ch. Cuddy  
Attorney-in-Fact



Date December 6, 1956

ATTEST  
John Malt  
ASSISTANT SECRETARY

STANOLIND OIL AND GAS COMPANY

By John R. Evans  
ATTORNEY-IN-FACT

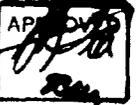




EXHIBIT A TO COMMUNITIZATION AGREEMENT

Dated November 1, 1955

Embracing the S/2 and NW/4 of Section 34,  
Township 20-South, Range 37-East, NMPM  
Lea County, New Mexico

Operator of Communitized Area: Gulf Oil Corporation

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor:	State of New Mexico
Lessee:	Gypsy Oil Company
Serial Number of Lease:	B-230
Date of Lease:	September 10, 1931
Description of Lands Committed:	S/2 Sec. 34, T. 20-S, R.37-E
Number of Acres:	320
Working Interest and Percentage:	Gulf Oil Corporation .87500
Royalty Interest and Percentage:	State of New Mexico .12500
O.R.R.I. and Percentage:	None

TRACT NO. 2

<b>Lessor:</b>	United States of America
<b>Lessee:</b>	Stanolind Oil and Gas Company
<b>Serial Number of Lease:</b>	LC-031736-B
<b>Date of Lease:</b>	March 30, 1937
<b>Description of Lands Committed:</b>	NW/4 Sec. 34, T. 20-S, R. 37-E
<b>Number of Acres:</b>	160
<b>Working Interest and Percentage:</b>	Stanolind Oil and Gas Company .37500
<b>Royalty Interest and Percentage:</b>	United States of America .12500
<b>O.R.R.I. and Percentage:</b>	None

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

GULF'S BELL-RAMSEY "C" NO. 1 WELL COMMUNITIZATION

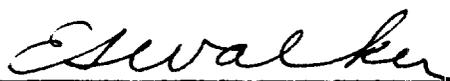
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There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated November 1, 1955, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes. This Communitization shall be effective as of November 1, 1955.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 10th day of December 19 56.

  
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Commissioner of Public Lands  
of the State of New Mexico