

EXHIBIT A

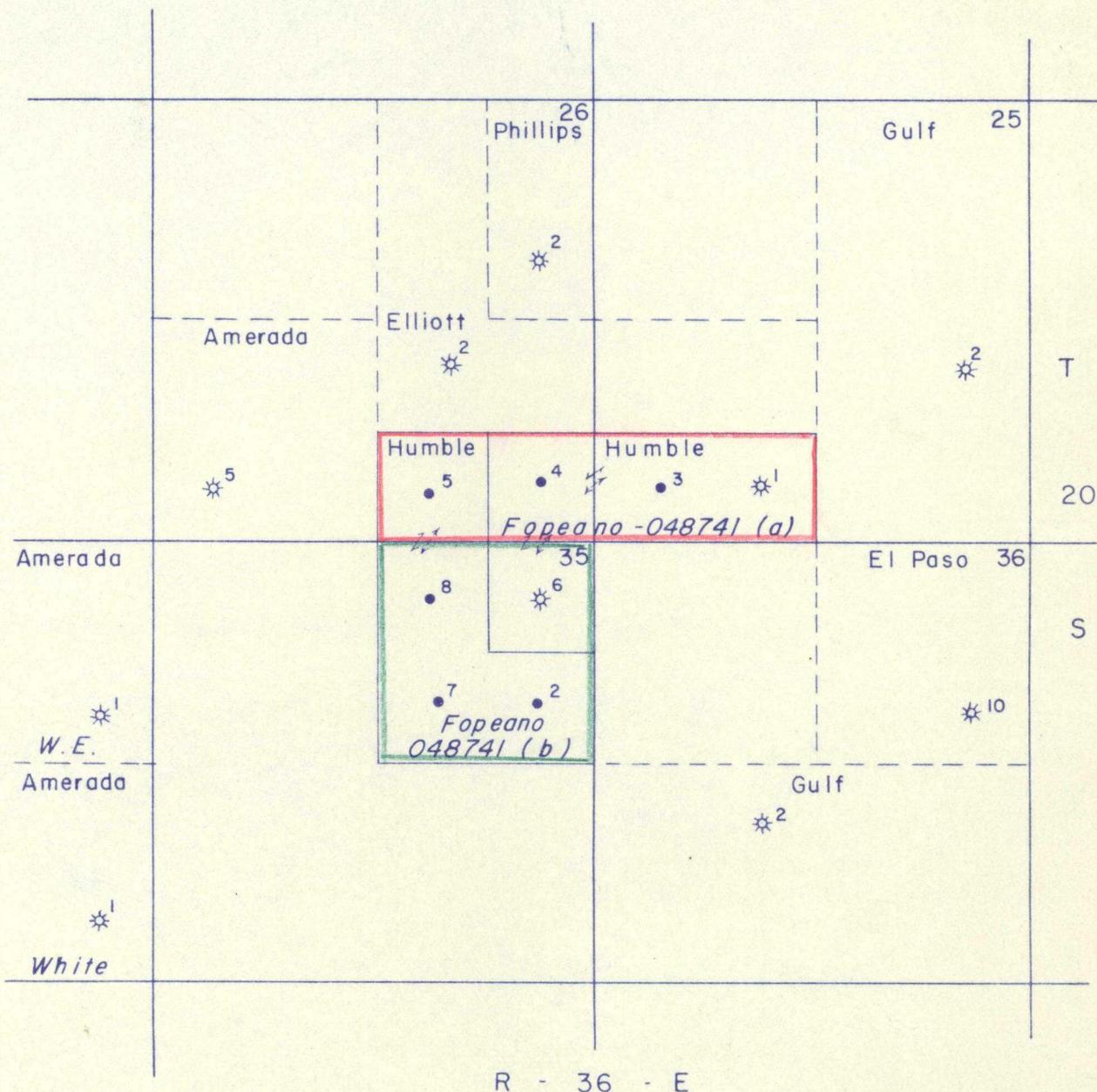
HUMBLE OIL & REFINING CO.

OIL AND GAS LEASE 048741 (a)

OIL AND GAS LEASE 048741 (b)

EUMONT GAS POOL

LEA COUNTY, NEW MEXICO



— LEGEND —

* GAS WELL

OUTLINED IN RED

COMMUNITIZATION AGREEMENT COVERING THE
S 1/2 SW 1/4 SEC. 25 & S 1/2 SE 1/4 SEC. 26, T-20-S, R-36E

OUTLINED IN GREEN

COMMUNITIZATION AGREEMENT COVERING THE
NE 1/4 SEC. 35, T-20-S, R-36-E

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Humble EXHIBIT No. 1
CASE 1004

COMMUNITIZATION AGREEMENT
LEASES LC 048741(a)
and LC 048741(b)
EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shmel EXHIBIT NO. 3
CASE 1004

Contract No. _____

THIS AGREEMENT, entered into as of the 13th day of _____, 1957, 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, 1945, 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 own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which 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

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:

S $\frac{1}{4}$ S $\frac{1}{4}$ Sec. 25; S $\frac{3}{4}$ SE $\frac{1}{4}$ Sec. 26, T. 40 S., R. 36 E., N.M.P.M., containing 160 acres more or less,

and this agreement shall extend to and include the vertical limits of the Eumont Gas Pool as defined by the New Mexico Oil Conservation Commission extending from the top of the Yates formation to the base of the Queen formation, and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from the vertical limits of said 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 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 representatives, 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.

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 be otherwise 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 in the same formation as 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 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 representatives, 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.

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.

ATTEST:
[Signature]
Secretary

HUMBLE OIL & REFINING COMPANY

By) [Signature]
Vice President

TRADE O.K.
W. A. MALEY

Date 1-17-56

FORM APPROVED
Hervey, Dow & Hinkle
BY CEH
[Signature]

STATE OF TEXAS }
COUNTY OF [Blank] } SS

The foregoing instrument was acknowledged before me this 17th day of January, 1956, by G. E. REISTLE JR., Vice President of Humble Oil & Refining Company, a Texas corporation, on behalf of said corporation.

[Signature] (J. Beerbower)
Notary Public

My Commission Expires:
My Commission Expires June 1, 1957

NOTARY PUBLIC IN AND FOR
HARRIS COUNTY, TEXAS

Exhibit A to Communitization Agreement
dated July 1, 1937,
embracing S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 25; S $\frac{1}{2}$ SE $\frac{1}{4}$ Section
26, T. 20 S., R. 36 E., N.M.P.M., Eumont
Gas Pool, Lea County, New Mexico.

Operator of Communitized Area: Humble Oil & Refining Company

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor: United States, acting by and through Secretary of Interior.

Lessee of Record: Humble Oil & Refining Company

Serial No. of Lease: LC 048741(a)

Date of Lease: July 1, 1937

Description of Lands Committed: S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 25; S $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 26,
T. 20 S., R. 36 E., N.M.P.M.

Number of Acres: 120

Working Interest and Percentage: Humble Oil & Refining Company - All

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

Tract No. 2

Lessor: United States, acting by and through Secretary of Interior.

Lessee of Record: Humble Oil & Refining Company

Serial No. of Lease: LC 048741(b)

Date of Lease: July 1, 1937

Description of Lands Committed: SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 26, T. 20 S., R. 36 E.,
N.M.P.M.

Number of Acres: 40

Working Interest and Percentage: Humble Oil & Refining Company - All

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

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	120	All
2	40	All

APPROVAL - CERTIFICATION - DETERMINATION

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 CFR sec. 4.618, 12 FR 6784, I do hereby:

- A. Approve the attached communitization agreement covering the S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 25 and the S $\frac{1}{2}$ SE $\frac{1}{4}$ Section 26, T. 20 S., R. 36 E., N.M.P.M., Lea County, New Mexico, down but not below the base of the Queen 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 _____

Contract No. _____

Director
United States Geological Survey