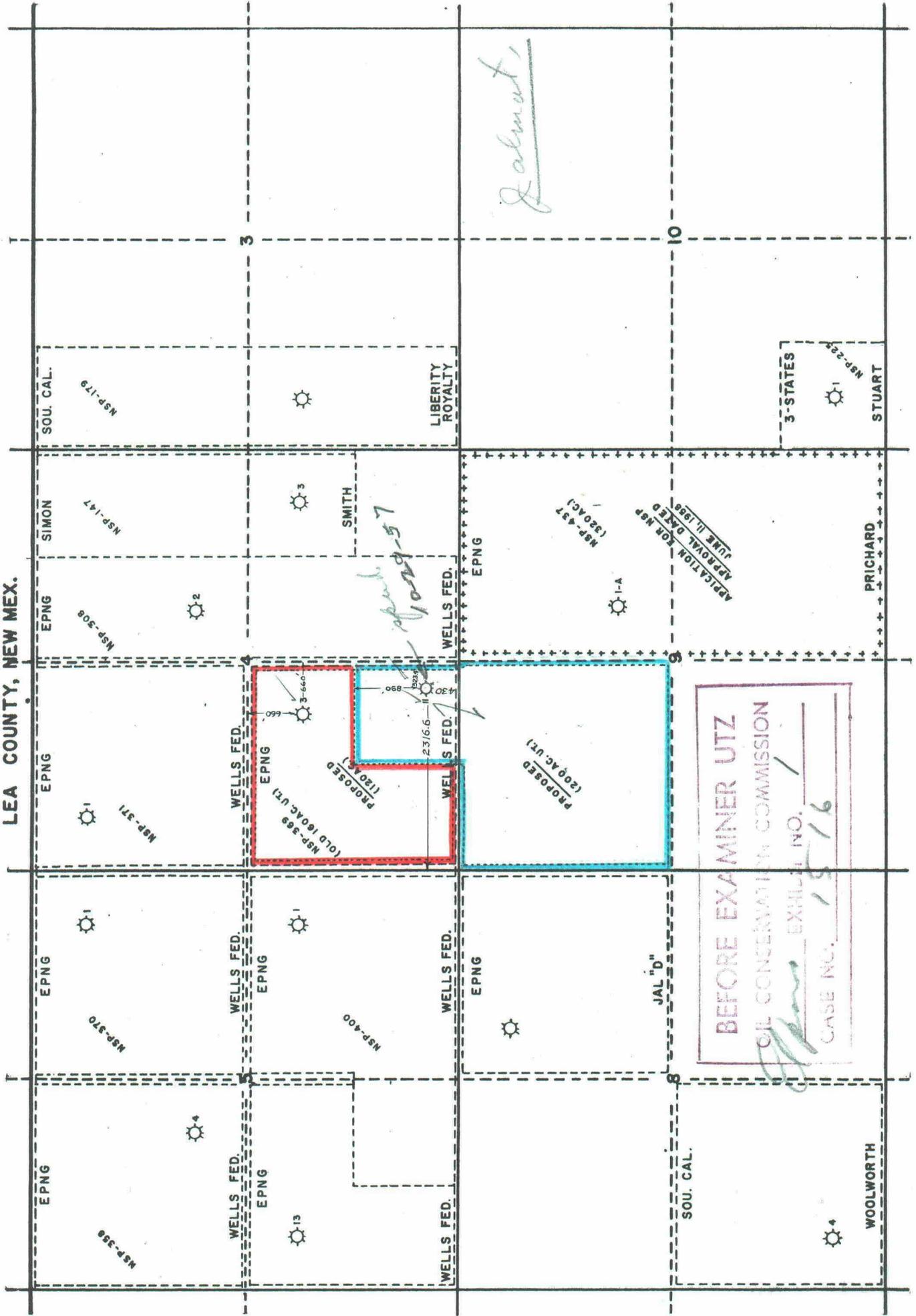


EXHIBIT I
TOWNSHIP 25 S RANGE 37 E

LEA COUNTY, NEW MEX.



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. /
CASE NO. 1516

15 + 16

SCALE - 4" = 1 MILE

BEFORE EXAMINER UTZ
REGISTRATION COMMISSION
CASE NO. 15/6
UNIT NO. 2

Contract No. _____

COMMUNITIZATION AGREEMENT

Wells Federal 11 Well

This Agreement entered into as of the 20th day of November, 1958, by and between the parties subscribing, ratifying or consenting hereto, such parties being herein-after referred to as "parties hereto";

W I T N E S S E T H:

WHEREAS, the Mineral Leasing 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 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:

Township 25 South, Range 37 East, N.M.P.M.
Section 9: NW/4 & Section 4: SE/4 SW/4
Lea County, New Mexico
Containing 200.00 acres, more or less

and this agreement shall extend to and include only the formations lying between

the top of the Tansill Formation down to a point 100 feet above the base of the Seven Rivers Formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formations by a gas well located on such communitized area.

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, and ownership of oil and gas interests in all 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.

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 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 obligations 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 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 which the unit allowable for this communitized area established by the New Mexico Oil Conservation Commission first becomes effective, by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative and the Commissioner of Public Lands of the State of New Mexico, 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, and the Commissioner of Public Lands of the State of New Mexico, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. If after the expiration of the two (2) year term of this agreement, the unit well is reclassified or should the communitized area cease to produce communitized substances in paying quantities for any reason, the unit shall not terminate if within six (6) months operations are commenced on the unit to restore commercial production of communitized substances therefrom.

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. 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.

13. 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 the approval of the Secretary of the Interior.

14. 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.

15. 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 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.

EL PASO NATURAL GAS COMPANY

By *Sam Smith*
Attorney-in-Fact

ATTEST:

A.M. Smith
Secretary

INDIAN PETROLEUM COMPANY

By *I.H. Thomson*
President

ATTEST:

Nedley Boyd
Secretary

ANDERSON-PRICHARD OIL CORPORATION

By *James P. Anderson*
President

ATTEST:

Edward M. Zyllett
Secretary

FIRST CHICAGO CORPORATION

By *W.M. Morgan*
President

ATTEST:

Patrick A. Flynn
Secretary

JAL OIL COMPANY, INC.

By *Wm. W. Johnson*
President

ATTEST:

A.M. Smith
Secretary

WESTERN PETROLEUM COMPANY

By *Thomas F. Carson*
President

STATE OF TEXAS

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me this 26th day of December, 1958, by Sam Smith, as Attorney-in-Fact for EL PASO NATURAL GAS COMPANY, a corporation, on behalf of said corporation.

My Commission expires June 1, 1959

M B Ivey
Notary Public in and for El Paso County, Texas
M. B. IVEY
Notary Public in and for El Paso County, Texas
My Commission Expires June 1, 1959

STATE OF California
COUNTY OF San Diego

The foregoing instrument was acknowledged before me this 2nd day of December, 1958, by J. H. Pearson, President of INDIAN PETROLEUM COMPANY, a corporation, on behalf of said corporation.

My Commission expires:
My Commission Expires Mar. 29, 1960.

W. R. Pearson
Notary Public in and for San Diego County, State of California

STATE OF Oklahoma
COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 24th day of November, 1958, by Roland V Rodman, President of ANDERSON-PRICHARD OIL CORPORATION, a corporation, on behalf of said corporation.

My Commission expires:
1-13-62

Mary Jane McAllister
Notary Public in and for Oklahoma County, State of Oklahoma

STATE OF Illinois
COUNTY OF Booth

The foregoing instrument was acknowledged before me this 12th day of December, 1958, by G. M. Foyan, President of FIRST CHICAGO CORPORATION, a corporation, on behalf of said corporation.

My Commission expires:
MY COMMISSION EXPIRES FEB. 17, 1960

Karl H. Lemke
Notary Public in and for Booth County, State of Illinois

STATE OF
COUNTY OF

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The foregoing instrument was acknowledged before me this 24th day
of December, 1958, by Howard Olsen
President of JAL OIL COMPANY, a corporation, on behalf of said corporation.

My Commission expires:
June 1960

Harlen K. Fair
Notary Public in and for Midland
County, State of Texas

STATE OF California
COUNTY OF San Francisco

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The foregoing instrument was acknowledged before me this 2nd day
of December, 1958, by Thomas F. Parsons
President of WESTERN PETROLEUM COMPANY, a corporation, on behalf of said
corporation.

My Commission expires:
My Commission Expires Mar. 29, 1960.

Grace Rose
Notary Public in and for San Francisco
County, State of California

EXHIBIT "A"

To a Communitization Agreement dated _____, 1958, embracing the following described land in Lea County, New Mexico, to-wit:

Township 25 South, Range 37 East, N.M.P.M.
Section 9: NW/4 & Section 4: SE/4 SW/4
Containing 200.00 acres, more or less

Operator of Communitized Area: El Paso Natural Gas Company
Well Name: El Paso Natural Gas Company-Wells Federal #11 Well

Description of Leases Committed

Tract No. 1

Lease Committed by: El Paso Natural Gas Company
Lessor: United States of America
Original Lessee: E. J. Wells
Lessee of Record: Anderson-Prichard Oil Corporation and First Chicago Corporation
Serial Number of Lease: LC 055546
Lease Date: January 4, 1935
Description of land committed: Township 25 South, Range 37 East, N.M.P.M. Section 4: SE/4 of the SW/4 containing 40 acres, more or less

Operating Agreements: Gas Operating and Development Contract dated November 6, 1939, by Anderson-Prichard Oil Corporation and the Illinois Oil Company to El Paso Natural Gas Company. Operating Agreement dated May 18, 1955, between Anderson-Prichard Oil Corporation, First Chicago Corporation, El Paso Natural Gas Company, and Indian Petroleum Company.

Tract No. 2

Lease Committed by: El Paso Natural Gas Company
Lessor: United States of America
Original Lessee: Anderson-Prichard Oil Corporation
Lessee of Record: Anderson-Prichard Oil Corporation
Serial Number of Lease: LC 032511 (F)
Lease Date: November 1, 1935
Description of land committed: Township 25 South, Range 37 East, N.M.P.M. Section 9: N/2 NW/4 containing 80 acres, more or less

Operating Agreements: Gas Operating and Development Contract dated November 6, 1939, by Anderson-Prichard Oil Corporation and the Illinois Oil Company, to El Paso Natural Gas Company.

Tract No. 3

Lease Committed by:	El Paso Natural Gas Company
Lessor:	United States of America
Original Lessee:	Anderson-Prichard Oil Corporation
Lessee of Record:	Anderson-Prichard Oil Corporation
Serial Number of Lease:	LC 032511 (E)
Lease Date:	November 1, 1935
Description of land committed:	Township 25 South, Range 37 East, N.M.P.M. Section 9: S/2 NW/4 containing 80 acres, more or less
Operating Agreements:	Gas Operating and Development Contract dated November 6, 1939, by Anderson- Prichard Oil Corporation and the Illinois Oil Company to El Paso Natural Gas Company.

NM 44-1
NM 46
NM 87