

COMMUNITIZATION AGREEMENT

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JAN 26 1967  
U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO

THIS AGREEMENT, entered into as of the 24<sup>th</sup> day of January, 1967,  
by and between the parties subscribing, ratifying or consenting hereto, such  
parties being hereinafter referred to as "parties hereto,"

W I T N E S S E T H :

WHEREAS, the act of February 25, 1920, 41 Stat. 437, as amended,  
authorizes communitization or drilling agreements communitizing or pooling a  
Federal oil and gas lease or any portions 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 estab-  
lished 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 con-  
formity 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 communitized substances in accordance with the  
terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual ad-  
vantages as 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 18 South, Range 26 East, N.M.P.M.

Eddy County, New Mexico

Section 20: N/2

containing 320.00 acres, more or less, and this agreement shall extend to and  
include only the Morrow formation underlying said lands and the dry gas and  
associated liquid hydrocarbons (hereinafter referred to as "communitized sub-  
stances") producible from such lands.