

September 15, 1964

Re: Skelly-State No. 1
Sec. 16, T27N-R9W, NMPM
San Juan County, New Mexico

Commissioner of Public Lands
Post Office Box 791
Santa Fe, New Mexico

ATTENTION: Supervisor, Unit Division

Gentlemen:

Enclosed herewith in duplicate are the following described instruments pertaining to our Communitization Agreement covering the East Half of Section 16, Township 27 North, Range 9 West, San Juan County, New Mexico:

Communitization Agreement, Skelly-State No. 1, dated August 1, 1964, executed by Walter Duncan, Austral Oil Company, Incorporated, Skelly Oil Company, and Socony Mobil Oil Company, Inc.
Ratification of Communitization Agreement executed by Mrs. Donald L. Haston and Florence Hilda Sanders
Ratification of Communitization Agreement executed by Joe R. Love and Betty J. Love.

Also enclosed is our check in the amount of \$5.00 to cover the filing fee for this Communitization Agreement.

Yours very truly,

WALTER DUNCAN

RTD:br
Encls.

Raymond T. Duncan

cc: N. Mex. Oil & Gas Commission, Aztec, N. Mex.
Austral Oil Company Incorporated, San Jacinto Building, Houston, Texas
Skelly Oil Company, Box 4115, Station A, Albuquerque, N. Mex.
Socony Mobil Oil Company, Inc., 612 South Flower Street, Los Angeles 54
Mrs. Donald L. Haston and Florence Hilda Sanders, c/o Austral Oil Co. Inc.
Joe R. Love and Betty J. Love, c/o Austral Oil Co. Inc.

COPY FOR NEW MEXICO OIL & GAS CONSERVATION COMMISSION

COMMUNITIZATION AGREEMENT

Skelly-State No. 1

THIS AGREEMENT, made and entered into as of this 1st day of August, 1964, by and between WALTER DUNCAN, whose address is Post Office Box 137, Durango, Colorado (hereinafter sometimes referred to as "Duncan"), and AUSTRAL OIL COMPANY INCORPORATED, a Delaware corporation, whose address is San Jacinto Building, Walker Tower, Houston, Texas, and SKELLY OIL COMPANY, whose address is Box 1650, Tulsa, Oklahoma, and SOCONY MOBIL OIL COMPANY, whose address is 612 South Flower Street, Los Angeles, California;

WITNESSETH:

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by Acts of Legislature as set forth in the New Mexico Statutes Annotated, 1953 Compilation, to consent to and approve the development or operation of State lands under agreements made by lessees of State lands jointly or severally with other lessees of State lands, with lessees of the United States, or with others, when such agreements are determined to be for the best interest of the State, and

WHEREAS, Duncan is the present owner of gas rights and Skelly Oil Company is the record owner of that certain State of New Mexico Oil and Gas Lease #1281 executed in favor of J. W. Goddard, as Lessee, by the State of New Mexico, as Lessor, under date of February 10, 1947 embracing among other lands the following described land in San Juan County, New Mexico:

Township 27 North, Range 9 West, NMPM

Section 16 NE/4, W/2 SE/4
Containing 240 acres, more or less, and

WHEREAS, Austral Oil Company Incorporated is the present owner of oil and gas operating rights from below the base of the Pictured Cliffs formation down to a depth of 100 feet below the top of the Morrison formation and Socony Mobil Oil Company is the record owner of that certain State of New Mexico Oil and Gas Lease #1016 executed in favor of A. B. Sanders, as Lessee, by the State of New Mexico, as Lessor, under date of October 4, 1946 embracing the following described land in San Juan County, New Mexico:

Township 27 North, Range 9 West, NMPM

Section 16: SE/4 SE/4
Containing 40 acres, more or less; and

WHEREAS, Austral Oil Company Incorporated is the present owner of oil and gas operating rights from below the base of the Pictured Cliffs formation down to a depth of 100 feet below the top of the Morrison formation and Socony Mobil Oil Company is the record owner of that certain State of New Mexico Oil and Gas Lease 3-11370-23 executed in favor of Harry S. Wright, as Lessee, by the State of New Mexico, as Lessor, under date of August 3, 1944 embracing the following described land in San Juan County, New Mexico:

Township 27 North, Range 9 West, NMPM

Section 16 NE/4 SE/4
Containing 40 acres, more or less, and

WHEREAS, the parties hereto own working interests, royalty interests or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this Agreement, and

WHEREAS, in order that the parties hereto may communitize and pool the above described oil and gas leases, insofar as the above leases cover the above described land, in order to form one tract or drilling unit for the production of dry gas and associated liquid hydrocarbons from the Mesaverde and Dakota formations, as follows:

Township 27 North, Range 9 West, NMPM

Section 16 E/2
Containing 320.00 acres, more or less, and

WHEREAS, in order to be consistent with existing rules and regulations covering well-spacing and production allowables, the parties hereto desire to operate the entire communitized tract for the purpose and intention of developing dry gas and associated liquid hydrocarbons from the Mesaverde and Dakota formations as an entirety in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual advantages offered by this Agreement, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands subject to this Agreement shall be developed and operated for dry gas and liquid hydrocarbons extracted therefrom producible from the Mesaverde and Dakota formations as an entirety with the understanding and agreement that the

Dry gas and liquid hydrocarbons extracted therefrom so produced from the above described communitized tract, shall be allocated among the leaseholds comprising said acreage in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable for dry gas and liquid hydrocarbons extracted therefrom so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.

2. Duncan shall be the Unit Operator of said communitized tract and all matters of operation shall be determined and performed by Duncan in accordance with the terms of an Operating Agreement between the parties. There shall be no obligation on Duncan to offset any dry gas well or wells on separate component tracts into which said communitized unit is now or may hereafter be divided, nor shall Duncan be required to separately measure said dry gas and liquid hydrocarbons extracted therefrom by reason of the diverse interest in the dry gas in and under said tracts, but Duncan shall not be released from his obligation to protect said communitized unit from dry gas well or wells which may be drilled offsetting said unit.

3. Except as herein modified and changed, said oil and gas leases hereinabove described shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and liquid hydrocarbons extracted therefrom on the communitized tract from the Mesaverde and/or Dakota formations as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.

4. All production of dry gas and disposal thereof shall be in conformity with allocations, allotments and quotas made and fixed by any duly authorized person or regulatory body under applicable Federal or State Statutes. The provisions of this Agreement shall be subject to all applicable Federal or State Statutes or executive orders, rules and regulations which affect performance of any of the provisions of this Agreement and Duncan shall not suffer a forfeiture or be liable to 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 compliances with any such law, rule or regulation.

COMMITMENT AGREEMENT

County-State No. 1

5. This Agreement shall be effective as of the date hereof upon execution by the parties hereto, notwithstanding the date of execution, and upon approval of the Commissioner of Public Lands of the State of New Mexico, and shall remain in full force and effect for a period of one (1) year and so long thereafter as dry gas and liquid hydrocarbons extracted therefrom are produced from any part of said communitized unit in paying quantities, provided that prior to production in paying quantities from said communitized unit and upon fulfillment of all requirements of the Oil Conservation Commission of the State of New Mexico with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by the mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production

6. This Agreement shall be subject to the consent and approval of the Commissioner of Public Lands of the State of New Mexico.

11. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their heirs, executors, administrators, successors and assigns.

8. This Agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single Agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first hereinabove written.

WALTER DUNCAN

By W. Scott H. Gibson

vrst

AUSTRAL OIL COMPANY INCORPORATED

Assistant Secretary

By C. A. [Signature]
President

SKELLY OIL COMPANY

By _____ ATTORNEY-IN-FACT

10051

SOCONY MOBIL OIL COMPANY

COMMUNITIZATION AGREEMENT
Kelly-State No. 1

5. This Agreement shall be effective as of the date hereof upon execution by the parties hereto, notwithstanding the date of execution, and upon approval of the Commissioner of Public Lands of the State of New Mexico, and shall remain in full force and effect for a period of one (1) year and so long thereafter as dry gas and liquid hydrocarbons extracted therefrom are produced from any part of said communitized unit in paying quantities, provided that prior to production in paying quantities from said communitized unit and upon fulfillment of all requirements of the Oil Conservation Commission of the State of New Mexico with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by the mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production.

6. This Agreement shall be subject to the consent and approval of the Commissioner of Public Lands of the State of New Mexico.

7. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their heirs, executors, administrators, successors and assigns.

8. This Agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single Agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first hereinabove written.

WALTER DINCAN

By _____

WITNESS

Assistant Secretary

AUSTAL OIL COMPANY INCORPORATED

By C. W. [Signature]
President

WITNESS

SKELLY OIL COMPANY

By _____

WITNESS

SOCIETY MOBIL OIL COMPANY, INC.

By [Signature]
Attorney in Fact

STATE OF Indiana ()
COUNTY OF Lafayette () (ss.)

The foregoing instrument was acknowledged before me this 10th day of September, 1964 by WALTER DUNCAN, Raymond T. Duncan.

My Commission Expires

August 27, 1964

Beatrice C. Reed

STATE OF Texas ()
COUNTY OF Harris () (ss.)

The foregoing instrument was acknowledged before me this 13th day of August, 1964 by C. W. LEISK, President of AUSTRAL OIL COMPANY INCORPORATED, a Delaware corporation, on behalf of said corporation.

My Commission Expires

August 1, 1965

Jean Leisk

STATE OF Oklahoma }
COUNTY OF Tulsa } SS:

The foregoing instrument was acknowledged before me this 1st day of September 1964, by A. J. O'ROURKE, as attorney in fact on behalf of SKelly Oil Company.

My commission expires

My Commission Expires July 30, 1965

F. R. Ball, Jr.
Notary Public F. R. BALL, JR.

The foregoing instrument was acknowledged before me this _____ day of _____, 1964 by _____, _____ of SOCONY MOBIL OIL COMPANY, on behalf of said corporation.

My Commission Expires

The foregoing instrument was acknowledged before me this _____ day of _____, 1964 by WALTER DUNCAN.

The Commission Expires

STATE OF Texas)
) ss.
COUNTY OF Harris)

The foregoing instrument was acknowledged before me this 13th day of August, 1964 by C. W. LEISK, President of AUSTRAL OIL COMPANY INCORPORATED, a Delaware corporation, on behalf of said corporation.

iv. Commission Expires

April 1, 1965

Frank Decker

STATE OF _____ ()
COUNTY OF _____ (SS.)

The foregoing instrument was acknowledged before me this _____ day of _____, 1964 by _____, _____ of SKELLY OIL COMPANY, on behalf of said corporation.

Commission Expires

STATE OF _____ ()

State of California, }
COUNTY OF LOS ANGELES } ss.

CO 5323-1 (1-53)

On SEP 3 1964, 1964

before me, the undersigned, a Notary Public in and for said County and State, personally appeared.....**J. S. RUSSELL**.....
known to me to be the person whose name is subscribed to the within instrument as an attorney in fact of SOCONY MOBIL OIL COMPANY, INC., and acknowledged to me that he subscribed the name of SOCONY MOBIL OIL COMPANY, INC., thereto as principal and his own name as attorney in fact.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

W. Person

W. A. PIERSON
My Commission Expires My Commission Expires Sept. 16, 1965

Notary Public in and for said County and State

RATIFICATION OF COMMUNITIZATION AGREEMENT

STATE OF NEW MEXICO I
 I SS
COUNTY OF SAN JUAN I

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, WALTER DUNCAN, SKELLY OIL COMPANY, AUSTRAL OIL COMPANY INCORPORATED and SOCONY MOBIL OIL COMPANY, INC. have executed a certain Communitization Agreement dated effective the 1st day of August, 1964, covering the Mesaverde-Dakota Formations underlying the East Half of Southeast Quarter (E/2 SE/4) Section 16, Township 27 North, Range 9 West, N.M.P.M., San Juan County, New Mexico, as to dry gas, condensate, distillate and other gaseous substances producible from the Mesaverde-Dakota Formations; and

WHEREAS, the undersigned parties are the owners of an overriding royalty interest or production payment interest in certain of the leases and lands which are subject to the above described Communitization Agreement; and

WHEREAS, it is the desire of the undersigned hereto to ratify and adopt said Communitization Agreement and commit thereto their overriding royalty interest or production payment interest.

NOW, THEREFORE, in consideration of the premises and of the benefits to be derived from the execution of this instrument, the undersigned parties hereto do hereby ratify, adopt and confirm said Communitization Agreement and do hereby commit to the terms thereof the overriding royalty interest or production payment interest owned by the undersigned in certain of the leases and lands covered by said Communitization Agreement to the same extent as if the undersigned parties had joined in the execution of the original of said Communitization Agreement.

The provisions hereof shall be binding upon and shall inure to the benefit of the undersigned parties hereto and upon such undersigned parties' heirs and assigns.

EXECUTED as of the 31st day of July, 1964.

Walter Duncan

Skelly Oil Company

STATE OF Illinois)
COUNTY OF Adair)

The foregoing instrument was acknowledged before me this _____ day of _____

_____ , 1964, by John A. Wilson

My Commission Expires:

Notary Public

STATE OF MISSISSIPPI)
COUNTY OF CLAY) SS

The foregoing instrument was acknowledged before me this 20 day of

_____, 1964, by FRANK RICE H. L. D. A. SHIRLEY L. S.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me this _____ day of _____, 19____.

....., 1964, by

4. Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me this _____ day of _____

_____ , 1964, by _____

My Commission Expires:

Notary Public

RATIFICATION OF COMMUNITIZATION AGREEMENT

STATE OF NEW MEXICO |
 | SS
COUNTY OF SAN JUAN |

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, WALTER DUNCAN, SKELLY OIL COMPANY, AUSTRAL OIL COMPANY INCORPORATED and SOCONY MOBIL OIL COMPANY, INC. have executed a certain Communitization Agreement dated effective the 1st day of August, 1964, covering the Mesaverde-Dakota Formations underlying the East Half of Southeast Quarter (E/2 SE/4) Section 16, Township 27 North, Range 9 West, T.M.P.M., San Juan County, New Mexico, as to dry gas, condensate, distillate and other gaseous substances producible from the Mesaverde-Dakota Formations; and

WHEREAS, the undersigned parties are the owners of an overriding royalty interest or production payment interest in certain of the leases and lands which are subject to the above described Communitization Agreement; and

WHEREAS, it is the desire of the undersigned hereto to ratify and adopt said Communitization Agreement and commit thereto their overriding royalty interest or production payment interest.

NOW, THEREFORE, in consideration of the premises and of the benefits to be derived from the execution of this instrument, the undersigned parties hereto do hereby ratify, adopt and confirm said Communitization Agreement and do hereby commit to the terms thereof the overriding royalty interest or production payment interest owned by the undersigned in certain of the leases and lands covered by said Communitization Agreement to the same extent as if the undersigned parties had joined in the execution of the original of said Communitization Agreement.

The provisions hereof shall be binding upon and shall inure to the benefit of the undersigned parties hereto and upon such undersigned parties' heirs and assigns.

EXECUTED as of the 31st day of July, 1964.

John R. Leland

Betty J. Leland

STATE OF WYOMING I
COUNTY OF CARBON I

SS

The foregoing instrument was acknowledged before me this 21st day of

July, 1964, by Joe R Love

My Commission Expires:

11-1-66

John W. Laramie
Notary Public

STATE OF WYOMING I
COUNTY OF CARBON I

SS

The foregoing instrument was acknowledged before me this 21st day of

July, 1964, by Betty J Love

My Commission Expires:

11-1-66

John W. Laramie
Notary Public

STATE OF _____ I
COUNTY OF _____ I

SS

The foregoing instrument was acknowledged before me this _____ day of

_____, 1964, by _____

My Commission Expires:

Notary Public

STATE OF _____ I
COUNTY OF _____ I

SS

The foregoing instrument was acknowledged before me this _____ day of

_____, 1964, by _____

My Commission Expires:

Notary Public