

GAS POOL AGREEMENT

THIS AGREEMENT made and entered into the 15th day of March 1956, by and between AMERADA Petroleum Corporation, hereinafter called "Amerada", and GULF OIL CORPORATION, hereinafter called "Gulf",

WITNESSETH, that

WHEREAS, AMERADA is the present owner of the following valid and existing oil and/or gas leases covering lands in Lea County, New Mexico:

- 677 Lease dated July 2, 1932, executed by J. L. Selby and Carrie B. Selby, wife, individually, and Selby Oil & Gas Corporation, Lessors, to H. Dillard Schenck, Lessee, covering the SW/4 SE/4, and other lands, of Section 26-198-36E, recorded in Book 24, at Page 149, of the records of said county;
- 677-A Lease dated July 2, 1932, executed by William B. Mowety, Lessor, to H. Dillard Schenck, Lessee, covering the SW/4 SE/4, and other lands, of Section 26-198-36E, recorded Book 24, at Page 147 of the records of said county;
- 677-B Lease dated July 2, 1932, executed by Willie A. Weir, Lessor, to H. Dillard Schenck, Lessee, covering the SW/4 SE/4, and other lands, of Section 26-198-36E, recorded in Book 24, at Page 145 of the records of said county;
- 1555 Lease dated June 15, 1955, executed by Peerless Oil and Gas Company, Lessor, to Amerada Petroleum Corporation, Lessee, covering the NE/4 SE/4 of Section 26-198-36E, recorded in Book 128, at Page 440 of the records of said county;
- 1555-A Lease dated May 16, 1955, executed by Commonwealth Royalties, Inc., Lessor, to Amerada Petroleum Corporation, Lessee, covering the NE/4 SE/4 of Section 26-198-36E, recorded in Book 128, at Page 443 of the records of said county;
- 1555-B Lease dated May 4, 1955, executed by Catherine L. Dugrasso, Lessor, to Amerada Petroleum Corporation, Lessee, covering the NE/4 SE/4 of Section 26-198-36E, recorded in Book 128, at Page 446 of the records of said county;
- 1555-C Lease dated April 28, 1955, executed by Docia Bates and Charles T. Bates, husband, et al, Lessors, to Amerada Petroleum Corporation, Lessee, covering the NE/4 SE/4 of Section 26-198-36E, recorded in Book 128, at Page 449 of the records of said county.

WHEREAS, GULF is the present owner of the following valid and existing oil and gas leases covering lands in Lea County, New Mexico:

Lease dated June 10, 1927, executed by Willie A. Weir, Lessor, to C. E. Reynolds, Lessee, covering the NW/4 SE/4, and other lands, of Section 26-198-36E;

Lease dated July 1, 1927, executed by Charles T. Bates and Docia Bates, his wife, et al., Lessors, to J. W. Brown, Lessee, covering the SE/4 SE/4 of Section 26-198-36E.

WHEREAS, it is the desire of AMERADA and GULF that this agreement cover the SE/4 of Section 26, Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico as to dry gas and associated liquid hydrocarbons produced from a gas well, as defined by the New Mexico Oil Conservation Commission, within the vertical limits of the Reservoir Gas Pool, as defined in said Commission's Order No. R-520, said area being hereinafter referred to as the "Reservoir Unit", and

WHEREAS, it is the desire of the parties hereto to combine their interests and operations in the development and production of oil and gas in the area described in the pooled production unit, and to acquire a gas leasehold for the same, and to operate the pooled production unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit, and

WHEREAS, AMERADA desires to operate the pooled production unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto that the pooled production unit shall be developed and operated by AMERADA, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled production unit shall be allocated among the present or future owners of leasehold or royalty interests in the proportion that the acreage interest of each bears to the entire acreage interest committed hereto. There shall be no obligation on AMERADA, or its successors or assigns, to effect any gas well or wells on separate component tracts into which such pooled production unit is now or may hereafter be divided; nor shall AMERADA its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership of such production in and under said tract, but the lessee shall not be released from the obligation to protect said pooled tract from drainage by any gas well or wells which may be drilled offsetting the said tract. Payment of rentals under the terms of the leases hereinabove mentioned and described shall not be affected by this agreement except as may be herein otherwise provided.

It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and associated liquid hydrocarbons on the pooled production unit shall be construed and considered as the commencement, completion, continued operation or production from each and all of the lands within and comprising said pooled production unit, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

It is the intention of the parties hereto that this agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled production unit and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from dry oil well located on the pooled tracts or any of the production of hydrocarbons from other than the Humont Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by and duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which affect the performance of any of the provisions of this agreement, 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 law, order, rule or regulation.

This agreement shall be effective as of the date upon which the unit allowable established by the New Mexico Oil Conservation Commission first becomes effective and shall remain in force and effect for a period of one (1) year and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from any part of said pooled production unit in paying quantities. It is further provided that after the expiration of said one-year period should the unit well or wells be recommissioned by the New Mexico Oil Conservation Commission, or should the pooled production unit cease to produce gas in paying quantities from any cause, this agreement shall not terminate, if within six (6)

months after the date of any such reclassification or cessation of such production, Operator shall commence operations for the purpose of restoring gas production from the unit, in which event this agreement shall remain in full force and effect during the period such operations are being diligently prosecuted and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from said unit in paying quantities.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year herein first above written.

ATTEST:

[Signature]  
Assistant Secretary

AMERADA PETROLEUM CORPORATION

By [Signature]  
President

ATTEST:

[Signature]  
Assistant Secretary  
H. M. CRAIG

GULF OIL CORPORATION

By [Signature]  
Vice-President

STATE OF OKLAHOMA )  
COUNTY OF TULSA ) SS:

On this 12<sup>th</sup> day of March, 1956, before me appeared

[Signature], to me personally known, who, being by me duly sworn, did say that he is the [Signature] President of AMERADA PETROLEUM CORPORATION, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said [Signature] acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and seal this 12<sup>th</sup> day of March, 1956.

My commission expires:

February 26, 1957

[Signature]  
Notary Public

STATE OF TEXAS )  
COUNTY OF TARRANT ) SS:

On this 1<sup>st</sup> day of March, 1956, before me appeared

H. M. Bayer, to me personally known, who, being by me duly sworn, did say that he is the [Signature] Vice-President of GULF OIL CORPORATION, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said H. M. Bayer acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and seal this 1<sup>st</sup> day of March, 1956.

My commission expires:

June 1, 1957

[Signature]  
Notary Public Eva Marie Cooper