

COMMUNITIZATION AGREEMENT

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THIS AGREEMENT, made and entered into this the ~~4th~~^{8th} day of ~~October~~^{November}, 1955, by and between the Humble Oil & Refining Company, a Texas corporation with offices at Houston, Texas, party of the first part, hereinafter referred to as "Operator", and the other parties subscribing hereto, hereinafter referred to as "parties of the second part,

WITNESSETH:

WHEREAS, the parties hereto own working, royalty or other leasehold interests or operating rights under the oil and gas leases covering the lands hereinafter described, which said interests are more particularly described by the schedule attached hereto, made a part hereof and for purposes of identification marked Exhibit A; and

WHEREAS, the parties hereto desire to communitize or pool their respective leasehold interests to form a proration unit in accordance with the rules and regulations of the New Mexico Oil Conservation Commission for the Eminent Gas Pool for the purpose of developing and producing dry gas and associated liquid hydrocarbons therefrom in accordance with the terms and conditions hereinafter set forth; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by law to consent to and approve communitization or pooling agreements for the purpose of pooling separate tracts to form spacing or proration units in conformity with the rules and regulations of the New Mexico Oil Conservation Commission.

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

1. The following described land situated in Lea County, New Mexico, hereinafter referred to as the "communitized area", shall be the lands covered by this agreement, to-wit:

S $\frac{1}{2}$ Section 29, T. 21 S., R. 36 E.,
N.M.P.M., containing 320 acres, more
or less.

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8. There shall be no obligation of the operator as such or as the owner of the leases committed to this agreement to offset any dry gas well or wells completed in the same formations as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall Operator as such or as the owner of said leases be required to measure separately communitized substances by reason of the several leases committed to this agreement, but nothing herein contained shall modify the obligations of the owner of said leases to protect the communitized area from drainage of communitized substances by well or wells which may be drilled offsetting said area.

9. 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 of the leasehold interests committed to this agreement and comprising the communitized area, and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto.

10. 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 state statutes. This agreement shall be subject to all applicable laws, 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.

11. This agreement shall be effective as of the date hereof upon execution by all of the necessary parties hereto and shall remain in full force and effect for a period of two years and so long thereafter as communitized substances are capable of being produced from the communitized area.

12. The covenants hereof shall be considered as covenants

EXHIBIT A

SCHEDULE SHOWING DESCRIPTION OF LEASES
SUBJECT TO COMMUNITIZATION AGREEMENT
COVERING S $\frac{1}{4}$ SECTION 29, T. 21 S., R. 36 E., N.M.P.M.,
LEA COUNTY, NEW MEXICO

1. Oil and Gas Lease bearing No. B-8191 made and entered into on May 18, 1954 by and between the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and the Humble Oil & Refining Company as Lessee, covering SW $\frac{1}{4}$ Section 29, T. 21 S., R. 36 E., N.M.P.M., containing 40 acres, more or less.
Lease Ownership - Humble Oil & Refining Company
Overriding Royalty - None.

2. Oil and Gas Lease bearing No. B-1651 made and entered into on January 23, 1933 by and between the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and the Sims Oil Company as Lessee, covering NW $\frac{1}{4}$ Section 29, T. 21 S., R. 36 E., N.M.P.M., containing 40 acres, more or less.
Lease Ownership - C. C. Pollard. Subject to Operating Agreement in favor of Humble Oil & Refining Company covering all gas, including casinghead gas which may be produced, saved and marketed from any formations down to a depth of 4,090 feet below the surface, and providing for the payment to C. C. Pollard and wife, Grace Pollard, of an overriding royalty equal to $\frac{1}{8}$ of $\frac{7}{8}$ of the market value at the wells as produced of all of the gas, including casinghead gas, which may be produced, saved and marketed from said land or allocated thereto by reason of said 40-acre legal subdivision being a part of a gas proration unit approved by the New Mexico Oil Conservation Commission.

Overriding Royalty - Peerless Oil and Gas Company - Equal to $\frac{1}{8}$ of $\frac{7}{8}$ of all of the oil and gas which may be produced, saved and marketed from said land under the terms of said lease.

3. Oil and Gas Lease bearing No. B-2670 made and entered into on April 25, 1934 by and between the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and the

Estate of Frederick W. Craig, deceased, and Elsie Craig, as Lessee, covering NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 29, T. 21 S., R. 36 E., N.M.P.M., containing 40 acres, more or less.

Lease Ownership - Humble Oil & Refining Company.

Overriding Royalty - $1/24$ of all oil and gas produced, saved and marketed from the leased premises. Owned by Robert Leroy Craig, Robert Leroy Craig, Jr. and David Frederick Craig.

4. Oil and Gas Lease bearing No. B-935 made and entered into on June 6, 1932 by and between the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and the Humble Oil & Refining Company as Lessee, covering NE $\frac{1}{4}$, S $\frac{1}{4}$, NW $\frac{1}{4}$ Section 29, T. 21 S., R. 36 E., N.M.P.M., containing 200 acres, more or less.

Lease Ownership - Humble Oil & Refining Company.

Overriding Royalty - None.

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO


HUMBLE'S EUMONT GAS UNIT NO. 2 WELL NO. 1 COMMUNITIZATION

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated November 8, 1955, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 24th day of September 1956.


Commissioner of Public Lands
of the State of New Mexico