

MAIN OFFICE 000

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POOLING AGREEMENT

THIS AGREEMENT made and entered into this 9th day of March, 1959, by and between H. K. RIDDLE, hereinafter referred to as "Operator", and JOHN W. SULLIVAN, hereinafter referred to as "Non-Operator",

WITNESSETH:

Whereas the parties hereto are the owners of certain oil and gas leases, being more fully described as Santa Fe 080236, wherein the United States of America is the lessor, and Marguerite Riddle is the lessee, and

Whereas, by subsequent assignments, said lease interest is presently held as follows:

John W. Sullivan:

Township 26 North, Range 13 West
Section 18 - Lots 3, 4, 9, and 10;

H. K. Riddle:

Township 26 North, Range 13 West
Section 19 - Lots 3, 4, 9, and 10;

and

Whereas, it is the desire of the parties hereto to enter into a joint operating agreement covering the development and operation of said lease interests in so far as they cover the above described lands;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained to be kept and performed by the parties hereto, said parties do hereby agree as follows:

1. FORMATION OF THE UNIT:

For the purpose hereof, it is agreed that the aforementioned lease interests, in so far as they cover the above described lands are hereby pooled and communitized to form a unit covering the lands described above for production of oil and/or dry gas and liquid hydrocarbons extracted therefrom, it being the intention of the parties hereto in forming said unit to so pool and communitize all leases and lease interests which they may now own or which they may hereafter acquire covering any interest in the communitized unit.

2. OPERATOR:

H. K. Riddle, as operator, shall have the full and complete management of the development and operation of said leased premises for oil and/or dry gas and liquid hydrocarbons extracted therefrom. All costs and expenses attending the development and operation of said lands shall be borne and paid in the proportions as the acreage dedicated to said well under the provisions of applicable law, rules and regulations of state and federal agencies, and particularly under the provisions of Order No. R-1301 issued by the Oil Conservation Commission of New Mexico under date of December 4, 1958.

3. DURATION OF AGREEMENT:

This agreement shall be effective as of the date hereof upon approval by the Director, United States Geological Survey, and shall remain in force and effect for a period of two years and so long thereafter as oil or gas, or both, are produced from any part of said communitized unit in paying quantities.

4. COSTS AND EXPENSES:

The Operator shall pay and discharge all costs and expenses incurred, and shall charge Non-Operator with its proportionate share thereof, provided, however, Operator shall make no single expenditure in excess of Five Thousand (\$5,000.00) Dollars, with-

out first obtaining consent thereto by Non-Operator. The approval of drilling of a well, however, shall include all expenditures for the drilling, equipping and completing of such well.

5. ABANDONMENT OF WELLS:

No well which is producing or has once produced shall be abandoned without the mutual consent of the parties hereto. If the parties cannot agree to the abandonment of an unprofitable well, the party desiring to abandon shall so advise the other party in writing and the latter shall have ten (10) days from the receipt of said notice in which to elect whether to agree to the abandonment of said well or to acquire the interest in said well of the party electing to abandon. If he elects to acquire such interest, the party electing to abandon shall be paid, in cash, the value of the latter's interest in the salvage of the material and equipment in and on said well, and upon receipt of such sum the party electing to abandon such well shall assign, without warranty of title, to the other party its interest in said well, together with a tract surrounding said well of any area equal to that prescribed for one well by any valid order of state or federal authority, except that said assignment shall not include lease acreage upon which another producing well is located.

6. RENTALS:

Each party hereto agrees to pay all rentals which may become due under the lease or leases which such party is contributing to such unit hereunder, and Operator shall not have any obligation to pay any such rentals except as to the lease contributed by Operator. Each party further agrees to keep and maintain in full force and effect the oil and gas leases contributed by such party to said unit.

7. INSURANCE:

Operator shall at all times while conducting operations hereunder, carry and require its contractors and their subcontractors

to carry insurance to protect and save the parties hereto harmless as to Workmen's Compensation Insurance, general public liability insurance within the limits of not less than \$50,000.00 per person and \$100,000.00 per accident, and general public liability property damage of not less than \$50,000.00 per accident, and automobile public liability insurance within the limits of not less than \$25,000.00 per person and \$50,000.00 per accident, and property damage insurance with a limit of not less than \$25,000.00 per accident.

8. DISPOSAL OF PRODUCTION:

Operator shall have the right to dispose of all oil and/or dry gas and liquid hydrocarbons extracted from the communitized property, accounting to Non-Operator for such products sold, on a cash basis.

9. FORCE MAJEURE:

The terms of this agreement are subject to all valid statutes, rules and regulations of any state or federal agency, and no party to this agreement shall be liable to any other party for any delay or default occasioned by acts of God or the public enemy, unforeseen accidents, or delays in delivery of any material, equipment, or services necessary for the performance of any provisions hereof.

10. RELATION OF PARTIES:

The rights, duties, obligations and liabilities of the parties hereto shall be several and not joint or collective, it being the express purpose and intention of the parties hereto that their ownership in said unit shall be as tenants in common; and nothing herein contained shall ever be construed as creating a partnership of any kind, joint venture, or association or trust.

11. ACCESS TO PREMISES, LOGS AND REPORTS:

Non-Operator shall have access to the premises at all reasonable times, with full right to inspect all books, records,

logs or other information on any well or wells drilled on the communitized premises.

12. SURRENDER, EXPIRATION, ABANDONMENT OR RELEASE OF LEASE:

No lease or leases subject to this agreement shall be surrendered, let to expire, abandoned or released, in whole or in part, unless the parties mutually consent thereto in writing.

13. OPERATOR'S LIEN:

Operator shall have an express contract lien, which is hereby granted, upon the interest of Non-Operator in said unit, in the oil, gas or other minerals produced from such unit and in the materials and equipment located thereon, to secure the payment of Non-Operator's proportionate part of the costs and expenses incurred or paid by Operator hereunder, and interest, if any, accrued on such part. Such lien may be enforced and foreclosed as any other contract lien.

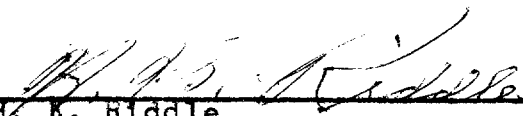
14. NOTICES:

Any notice required or made necessary by the terms of this agreement shall be deemed to have been properly served and received if sent by mail or telegram as follows:

Mr. H. K. Riddle
29 South State Street
Salt Lake City, Utah

Mr. John W. Sullivan
65 East Fourth South Street
Salt Lake City, Utah

IN WITNESS WHEREOF, the parties hereto have executed this agreement in several counterparts as of the day and year first above written.


H. K. Riddle


John W. Sullivan

ACKNOWLEDGMENTS

STATE OF Utah)
COUNTY OF Salt Lake) ss.

The foregoing instrument was acknowledged before me this
9th day of March, 1959, by H. K. RIDDLE.

Richard J. Lester
Notary Public

(SEAL)

My Commission Expires:

10-28-62

* * *

STATE OF Utah)
COUNTY OF Salt Lake) ss.

The foregoing instrument was acknowledged before me this
9th day of March, 1959, by JOHN W. SULLIVAN.

Richard J. Lester
Notary Public

(SEAL)

My Commission Expires:

10-28-62